

UC-NRLF



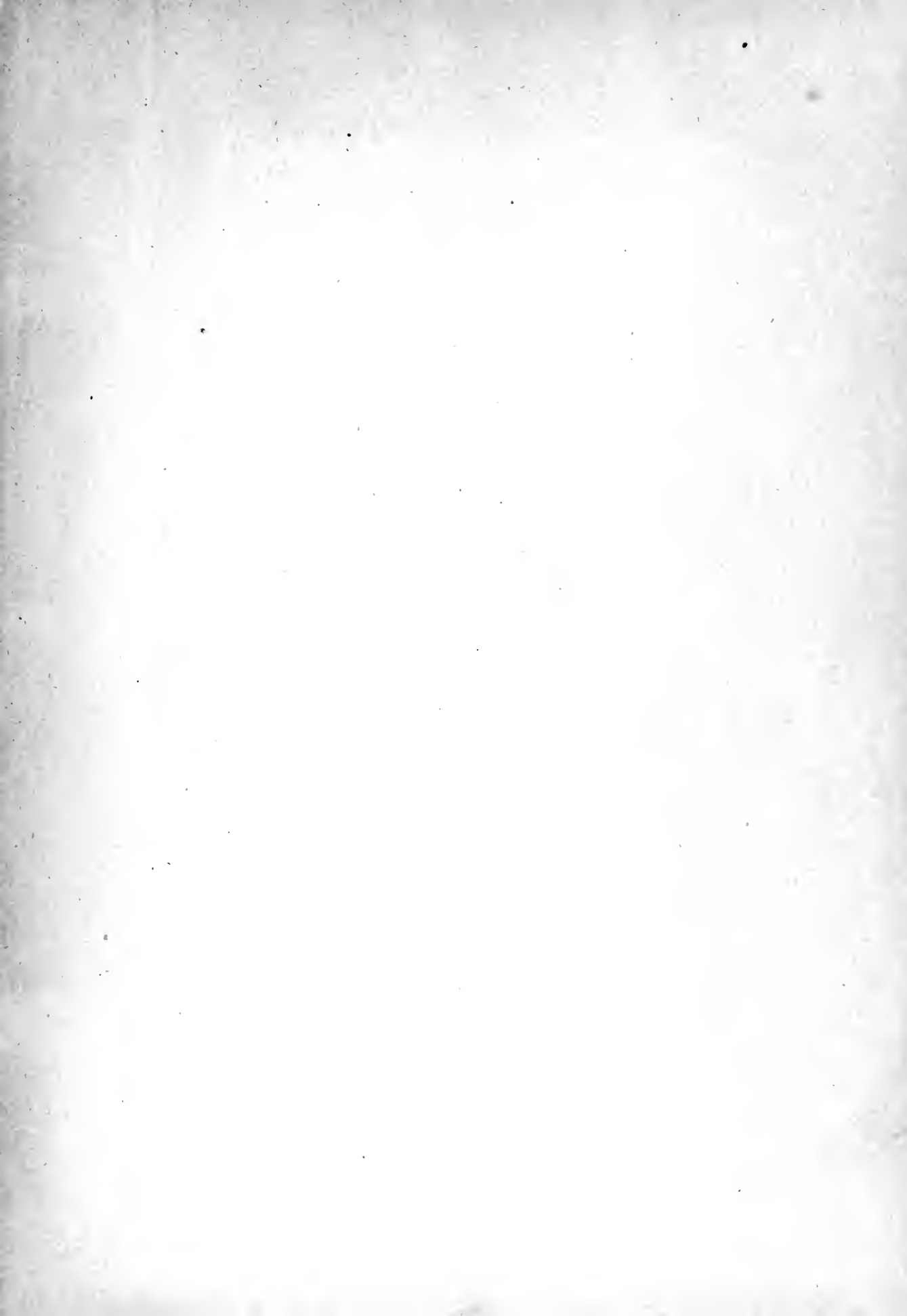
\$C 14 495

THE THEORY OF ACCOUNTS

YE 02748

LIBRARY
OF THE
UNIVERSITY OF CALIFORNIA.

Class



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

<http://www.archive.org/details/theoryofaccounts00goodrich>

—THE—

Theory of Accounts

CONTAINING THE ESSENTIALS OF

BOOKKEEPING

AND FORMS OF

HIGHER ACCOUNTING

—BY—

SAMUEL H. GOODYEAR, A. M.

AUTHOR OF

THE GOODYEAR COMMERCIAL SERIES.



CEDAR RAPIDS, IOWA.

THE GOODYEAR-MARSHALL PUBLISHING COMPANY.

1901.

HF 5635
.G67

GENERAL

COPYRIGHT BY
THE GOODYEAR PUBLISHING COMPANY.

1899.

Introduction.

I N introducing this volume the author desires to say that it has not been prepared as a reference book for expert accountants, but as a text-book for students who may begin the study with a very limited knowledge of the subject of Accounts.

We have selected a starting point that is plain, practical, and easily comprehended by all, and by carefully graded steps have led the thoughtful student to the broader principles of the Science of Accounts.

The book has been written for the theoretical study of Accounts. It is not intended to furnish material for Business Practice, but rather to prepare the student for intelligent work in Business Practice or counting room.

In developing the subject it has been the author's aim to give standard forms and methods as they are now used by business men, avoiding, on the one hand, the obsolete forms that appear in many text-books, but which the commercial world has long since passed in its career of progress. Bookkeeping as a study has a commercial value only when its methods are modern and abreast of the times; while the classical methods used ten or twenty years ago are now of little worth to the student who intends to make practical use of his commercial study.

On the other hand we have aimed to avoid some of the new methods which may be adapted to isolated cases in business, but which do not assist the student in acquiring a working knowledge of bookkeeping as a science and an art.

We trust that the student will be true to himself and pass nothing by, even in the illustrated forms, that he does not fully understand. A student that is working under pressure to complete the text in the shortest possible time is sometimes tempted to become a mere copyist of forms, under the delusive idea that what he has written in his books he has fully mastered. To remove this temptation we have prepared these forms in such a way that the student cannot safely copy any of the entries without first understanding the explanations and the transactions pertaining to them.

The manuscript forms of account books have been introduced, not for copies or for the embellishment of the text, but to represent pages of business forms written by a practical accountant, in an easy and rapid style that is easily read and easily acquired. It is the author's belief that reproduced pages of business writing, as it appears in a set of books, with no pretense at copperplate accuracy, but written with ease and rapidity, and withal perfectly legible, will far better represent business writing as applied to bookkeeping than the same number of pages of accurately engraved writing could do.

The author has aimed at producing a practical text, that would depend more upon the results it may accomplish than upon the first impression produced by a hurried examination of its pages.

In conclusion we could say to the student, do not compel your teacher to think for you. His work should be that of a critic and advisor; and even though you may spend an hour on one transaction before you have mastered it for record, you have, if you have studied earnestly, developed power that will be worth far more to you than the time you have spent.

Table of Contents.

THE ESSENTIALS OF BOOKKEEPING,

	PAGE.		PAGE.
ACCOUNTS.....	5	Several Debits and One Credit.....	58
Cash Accounts.....	6	Opening a Set of Books.....	59
Cash Accounts, Illustrated.....	7	Proving the Ledger.....	60
Accounts with Persons.....	8	Correcting Errors.....	61
Rule for Debit and Credit.....	8	Closing the Ledger.....	62
Personal Accounts, Illustrated.....	9	The Double Entry Statement.....	64
Property Accounts.....	10	The Ledger Closed.....	65
Rule for Property Accounts.....	11	Questions for Review.....	72
Property Accounts, Illustrated.....	12	<i>Set 4—Double Entry for Buying and Shipping.....</i>	<i>73</i>
<i>Set 1—Bookkeeping for Farmers and Tradesmen.....</i>	<i>13</i>	The Historical Journal, Illustrated.....	75
Complete Account Book, Illustrated.....	15	The Double Entry Cash Book, Illustrated.....	76
Question for Review.....	18	Consignment Account, Illustrated.....	77
SYSTEMS OF BOOKKEEPING.....	19	Continued Trial Balances.....	79
<i>Set 2—Single Entry for Retail Merchants.....</i>	<i>20</i>	Changing from Single to Double Entry.....	84
Historical Entries.....	22	Balance Sheets.....	85
The Day Book, Illustrated.....	23	<i>Set 5—Continuation of Set 3 in Double Entry.....</i>	<i>87</i>
The Cash Book, Illustrated.....	24	Opening Journal Entry, Illustrated.....	87
Ledger Accounts, Illustrated.....	25	<i>Set 6—Double Entry for Wholesalers.....</i>	<i>91</i>
Statements.....	27	The Special Column Journal, Illustrated.....	95
The Statement, Illustrated.....	29	The Special Column Cash Book, Illustrated.....	97
Questions for Review.....	30	The Sales Book, Illustrated.....	98
<i>Set 3—Single Entry for Partnership Business.....</i>	<i>31</i>	<i>Set 7—Double Entry for Lumber Dealers.....</i>	<i>106</i>
The Day Book, Illustrated.....	33	Methods of Computing Lumber.....	107
Cash and Bank Account, Illustrated.....	36	The Special Column Purchase and Sales Book.....	110
The Bill Book, Illustrated.....	37	The Six Column Journal.....	111
Ledger Accounts, Illustrated.....	38	BUSINESS FORMS.....	117
Partner's Statement, Illustrated.....	42	Promissory Notes.....	117
Questions for Review.....	43	Drafts.....	119
DOUBLE ENTRY.....	44	Bank Checks.....	120
General Rule for Debit and Credit.....	44	Certificates of Deposit.....	120
Special Rules for Debit and Credit.....	45	Orders.....	121
Methods of Bookkeeping.....	47	Indorsements.....	122
The Day Book.....	47	Receipts.....	122
The Journal.....	48	Marginal Records.....	123
The Ledger.....	48	Remarks and Legal Points.....	124
The Proof Sheet.....	49	Notice of Non-payment.....	126
Exercises in Double Entry.....	49	Protest.....	127
The Day Book, Illustrated.....	51	Bills.....	127
The Journal, Illustrated.....	52	Account Sales.....	129
The Ledger, Illustrated.....	53	Invoices of Shipment.....	130
The Proof Sheet, Illustrated.....	55	MERCANTILE TERMS.....	131
One Debit and Several Credits.....	56	Abbreviations.....	136

HIGHER ACCOUNTING.

	PAGE.		PAGE.
<i>Set 8—Partnership Settlements.....</i>	<i>138</i>	The Books, Illustrated.....	172
Problems in Partnership.....	138	<i>Set 13—Real Estate Business.....</i>	<i>174</i>
<i>Set 9—Bookkeeping for Corporations.....</i>	<i>140</i>	Transactions.....	175
Transactions.....	143	The Books Used.....	176
The Stock Ledger.....	144	<i>Set 14—Practical Banking.....</i>	<i>180</i>
<i>Set 10—Bookkeeping for Manufacturers.....</i>	<i>145</i>	The Daily Routine.....	180
Transactions.....	147	The Auxiliary Books.....	181
The Books, Illustrated.....	150	The Essential Books.....	183
<i>Set 11—Commission and Forwarding.....</i>	<i>161</i>	Transactions.....	184
Transactions.....	163	The Books, Illustrated.....	186
The Books, Illustrated.....	166	Business Forms in Banking.....	196
<i>Set 12—Keeping Abstracts of Title.....</i>	<i>170</i>	Bank Correspondence.....	201



Accounts.

An account is a statement of business transactions, as they relate to a particular person or thing. The title of an account is the name of the person with whom, or the thing with which the account is kept.

When the title owes the business or receives value from it, the title is debtor, and the amount of the value is a debit. When the business owes the title or receives value from it, the title is creditor, and the amount of such value is a credit.

An account is kept by placing its debits in one column and its credits in another column, and the result at any time is found by taking the difference between the total debits and credits of the account. It is a universal custom to place the debits in the left of two money columns, and credits in the right of these columns.

Each money column is divided into two columns for dollars and cents, the dollar column being preceded by a double line, and the cents column by a single line. Amounts written in the money columns will not need the dollar sign and the decimal point to distinguish dollars from cents.

Fractions of a cent are never written in the money columns. If the fraction is one-half cent or more, it is recorded as a cent; if less than one-half cent it is dropped.

A complete account should also contain columns for the date of each entry, and a place for describing the items of each debit or credit. There are three forms of arranging the columns of an account, each of which will be illustrated in succeeding chapters. The first form occupies a single page having debit and credit columns side by side, with the space preceding them ruled into columns for date and explanation (See Cash Account on page 7.) The second form divides the page vertically into two equal parts, and places the debit with its date and explanation columns in the left half, and the credit with its date and explanation columns in the right half (See R. E. Lee's account on page 24.) The third form uses two opposite pages of an open folio, placing the column for date, explanation, and debits on the left page; and corresponding columns for credits on the right page (See Cash Received and Paid on pages 24 and 25.)

Accounts are kept with persons, cash, notes receivable, and notes payable, and also with property and other titles representing special classes of transactions.

We will not develop the classes of accounts in the order just named, but will select the simpler of these first, and pass to the more difficult classes later in the text.

I. Cash Account.

The object of the cash account is to keep a record of our cash dealings, showing when we received money, of whom and for what we received it; and when we paid money, to whom and for what we paid it. Cash received is recorded in the left or debit column of cash account, and cash paid is recorded in the right or credit column of cash account.

When cash account is opened, the cash on hand should be placed in the received or debit column. The excess of the amounts in the received column over those in the paid column will show the cash on hand at any time.

Cash account is balanced at any time, by placing in the paid column the excess of the receipts over the payments and writing the words "Balance on hand" in the explanation column. This balance entry is written in red ink, to distinguish it from payments.

Cash account is closed by ruling a single line across the money columns to indicate addition, placing the totals of the columns under the addition line, and ruling double lines across the money columns below the totals, and also across the date columns.

The totals in the money columns should be written in black ink, and the lines should be ruled in red ink.

It is the custom of bookkeepers to indicate the prominent words in an entry by the use of initial capital letters. Names of merchandise and other property, periods of time, and amounts expressed in words are usually capitalized in bookkeeping entries.

The student should use a loose page of journal paper for recording the following cash transactions, observing carefully the model entries on page 7. The account should be balanced, as illustrated in the model account, whenever the cash balance is given in the course of the transactions. The student will observe that balance entries and rulings are in red ink.

Journal paper has usually several blue lines running parallel to the vertical red lines in the dollar columns. These are called unit lines, and they are used to keep the amounts in proper order for addition, units, tens, hundreds, and thousands of dollars, each having its own column. Amounts above thousands are not frequent in an ordinary business and hardly need special columns.

If journal paper is not at hand, the student can rule a page of foolscap paper in the journal form. The date columns should be ruled three-fourths of an inch wide for the month, and three-eighths of an inch wide for the day of the month. The received and paid columns should be ruled three-fourths of an inch wide for dollars, and three-eighths of an inch wide for cents, leaving the space between date and amount columns for the explanatory entries. In ruling, the student should make the lines firm and even, without shading.

In writing the exercises required, the student should not allow himself to copy the illustrated forms, but merely refer to them as model entries, making his own entries from the transactions.

TRANSACTIONS.

(See *Illustrated Account* on page 7.)

189—, Sept. 1. Left home with cash on hand \$45.....Paid for railway ticket to College City \$3.75.

2. Paid for fare at hotel \$1.....Paid for carting trunk 25c.....Paid for one week's board to 9th inst. \$3.75.

3. Paid for scholarship in Business College for 3 months \$25.....Paid for books and stationery \$4.50.

4. Paid for envelopes, paper and postage \$1.....Paid for a pair of gloves \$1.25.

6. Paid for fruit 25c.....On counting my cash this evening I find that I have only \$4 on hand, leaving a shortage of 25c. After reviewing my transactions carefully, I recall a ticket to a lecture on the evening of Sept. 4, for which I paid 25c, and which I neglected to record.

[Examples of the Cash Account.]

Cash

Recd. Paid

189-					
Sep.	1	Amount on hand	45		
		Ticket to College City		3	75
	2	Fare at Hotel		1	
		Carriage Trunk			25
		Board one Week, to 9th inst.		3	75
	3	Scholarship in Bus. Col. 3 mo.		25	
		Books and Stationery		4	50
	4	Envelopes, Paper, and Postage		1	
		One pair Gloves		1	25
	6	Fruit			25
	4	Ticket to Lecture (overlooked)			25
	6	Balance on hand		4	
			45	45	
Sep.	8	Balance down	4		
		Church Collection (7th)			25
		Received from home	6		

[TRANSACTIONS CONTINUED FROM PAGE 6.]

8. Gave to church collection last evening 25c.....Received cash from home \$6.
9. Paid for board to 16th inst. \$3.75.
10. Paid for ruler 25c, and for red ink and pens 25c.
11. Paid for fruit 35c.
12. Paid for laundry 75c.
13. Paid for a pair of shoes \$2.75.....Counted my money, finding a balance of \$1.65 on hand.
15. Paid for postage 15c.
16. Received cash from home \$10.....Paid for board to 23d inst. \$3.75.
18. Paid for blank books \$1.
19. Paid for laundry 60c. Received cash from my mother \$1.
20. Paid for hat \$2.25, collars 50c.....Counted my money, finding a balance of \$4.40.
22. Paid for fruit 25c.
23. Paid for board to 30th inst. \$3.75.
24. Received cash from home \$5.
25. Paid for laundry 75c.
26. Paid for ticket to concert 75c.
27. Paid for an excursion trip on the river \$1.....Counted my cash, finding a balance of \$2 90 on hand.

The student may balance the account for Sept. 27, and bring down the balance dated Sept. 29.

II. Accounts With Persons.

Accounts with persons are usually kept in the form illustrated on page 9, with debit and credit columns side by side on a single page; or in the ledger form illustrated in Set Two, with debit entries on the left half of the page, and credit entries on the right half of the page, a separating line being ruled vertically between the debits and credits.

RULE FOR DEBIT AND CREDIT.

A person is our Debtor, when he owes us or receives anything from us on account; and our Creditor, when we owe him or receive anything from him on account.

RULES FOR CLOSING PERSONAL ACCOUNTS.

In order to close an account that balances :

Draw a single red line across the money columns, place the totals of the columns in black ink under this line, and rule double red lines under the totals and across the date columns.

In order to close an account that does not balance :

Make a red ink entry on the smaller side, giving the date on which the account is balanced, using as explanation the word "Balance," and placing in the smaller column an amount that will make its total equal to that of the larger column. After which, place footings and ruled lines as in preceding rule.

The student will use journal paper or rule pages for the following accounts, as explained in the preceding example.

Accounts with Parks and Strand will each occupy only a half page. A full page each should be used for accounts with Thompson and Newman.

TRANSACTIONS.

1

(TRANSACTIONS WITH HENRY PARKS.)

(See Illustrated Account on Page 9.)

- Mar. 1. Henry Parks has repaired my wagon on account, charging me \$8.
 2. I have paid him cash to apply on account \$5.
 3. He has shod my horses on account, charging me \$3.
 4. Sold him on account 10 bu. apples at 85c.
 5. Sold him on account 20 doz. eggs at 15c.
 6. Received cash from him in full of account \$5.50.
 Close the account.

2

(TRANSACTIONS WITH GEORGE STRAND.)

(See Illustrated Account on page 9.)

- Apr. 1. Sold George Strand on account 2 tons hay at \$6.00 per ton.
 2. Received of him cash to apply on account \$10.
 3. Sold him on account 5 bu. potatoes at 50c.
 4. Bought of him on account one wagon at \$60.
 5. Worked for him with team 5 days on account, charging him \$3 per day.
 6. Paid him cash on account \$10.50, leaving a balance of \$30 still due him.
 Close the account.

ACCOUNTS WITH PERSONS.

9

[The Student's Account with Henry Parks.]

Henry Parks Dr. Cr.

189-					
Mar.	1	Repairing Wagon			8
	2	Cash	5		
	3	Shoeing Horses			3
	4	10 bu. Apples	.85	8 50	
	5	20 doz. Eggs	.15	3	
	6	Cash in full			5 50
				16 50	16 50

[The Student's Account with George Strand.]

George Strand Dr. Cr.

189-					
Apr.	1	2 tons Hay	\$6.00	12	
	2	Cash			10
	3	5 bu. Potatoes	.50	2 50	
	4	One Wagon			60
	5	5 days Labor with Team \$3.00		15	
	6	Cash		10 50	
				70	70

3

(TRANSACTIONS WITH H. THOMPSON.)

May 1. Bought of H. Thompson on account 20 yards print at $6\frac{1}{2}$ c, 36 yds. brown sheeting at $8\frac{3}{4}$ c.

3. Sold him on account 10 bu. potatoes at 65c.
 10. Bought of him on account 6 yds. broadcloth at \$3.25.
 15. Paid him cash to apply on account \$10.
 17. Sold him on account 2 cords wood at \$4.75.
 22. Bought of him on account sundry merchandise, per bill rendered, \$9.
 24. Worked for him on account 2 days in store at \$1.50.
 25. Bought of him on account 24 yds. flannel at 50c.
 26. Sold him on account 24 lbs. butter at 15c.
 27. Returned the flannel, bought on the 25th inst., which was damaged, receiving credit for the same, and buying on account 12 yds. cashmere at 90c.
 28. Sold him on account $1\frac{1}{2}$ tons of hay at \$8.50.
 29. Received cash from him in full of account \$1.60.
- Close the account.

4

(TRANSACTIONS WITH M. NEWMAN.)

June 1. Sold M. Newman on account 20 lbs. butter at 18c.

3. Bought of him on account 30 lbs. sugar at 6c, 10 lbs. coffee at 22c.
 5. Sold him on account 3 cords wood at \$4.50.
 9. Bought of him on account 2 lbs. tea at 75c.
 15. Sold him on account 15 doz. eggs at 12c.
 16. Bought of him on account 3 cans peaches at 25c, 20 lbs. sugar at 5c.
 17. Sold him on account 20 lbs. butter at $15\frac{1}{2}$ c.
 18. Received cash from him to apply on account \$5.
 20. Sold him on account 1 ton hay at \$8.
 22. Bought of him on account sundry groceries, per bill rendered, \$22.75.
 30. Pastured two horses for him on account for the month, charging \$1.25 for each.
- Paid him cash to balance account \$2.50.
- Close the account.

III. Property Accounts.

A person can keep an account with his property or with any variety of his property, and thereby determine the profit or loss derived from the same.

A farmer can keep an account with his wheat field or corn field, or his cattle or poultry and determine which department of his farming is most profitable.

A merchant can keep an account with his merchandise, and determine the profit or loss on his sales.

A carpenter can keep an account with each house he builds on a contract, debiting it with the cost of all materials and labor expended upon the house, and crediting it with the amount received for the house, and the difference will show his profit or loss on the contract.

Property accounts may be kept in any business, such titles being chosen as will distinguish these accounts from others on the books.

Property accounts may be kept in any of the forms used for personal accounts. If the total credits exceed the total debits, the excess shows a gain. If the total debits exceed the total credits, the excess shows a loss.

RULE FOR PROPERTY ACCOUNTS.

Debit property titles for any value expended upon them; and credit them for any value realized from them.

Property accounts are closed the same as personal accounts, except that "Loss" or "Gain" is written in place of the word "Balance" in the red ink entry.

Paper can be used, as already explained, for the following accounts, allowing a page for each one.

TRANSACTIONS.**1**

(ACCOUNT WITH A POTATO FIELD.)

(See Illustrated Account on page 12.)

May 1. Worked two days plowing and marking potato field at \$3 per day.
 5. Planted 15 bu. seed potatoes worth 60c per bu.
 6. Worked 5 days planting potatoes at \$1.50 per day.
 June 5. Worked 3 days cultivating potatoes at \$2.50 per day.
 10. Worked 6 days hoeing potatoes at \$1.50 per day.
 July 1. Worked 3 days cultivating potatoes at \$2.75 per day.
 10. Worked 7 days hoeing potatoes at \$1.25 per day.
 Oct. 15. Worked 10 days digging potatoes at \$1.25 per day.
 Nov. 1. Sold 250 bushels potatoes from potato field at 40c per bu., and kept for home use 50 bu. potatoes worth 35c per bu. The use of the ground for the potato field is worth \$15. My gain on the potato field is \$34.
 Close the account.

2

(ACCOUNT WITH 20 HEAD OF HORSES.)

(See Illustrated Account on page 12.)

July 1. Paid for 20 head of horses \$2450.
 10. Paid for care of horses \$7.50.
 15. Paid for freight on horses \$250.
 17. Paid for feed and care of horses \$30.
 20. Received cash for 5 head of horses \$750.
 25. Paid for advertising horses \$12.50.
 26. Paid for feed and care of horses \$9.
 27. Received cash for 8 head of horses \$1280.
 28. Paid for feed and care of horses \$12.75.
 29. Received cash for 7 head of horses \$685.
 30. My time and expenses while selling horses amount to \$57.75. My loss on the horses is \$114.50.
 Close the account.

3

(ACCOUNT WITH 20 HEAD OF HOGS.)

Aug. 1. Paid for 20 head of hogs, weighing 2360 lbs. at 3c per lb.
 Nov. 1. Paid for pasturing hogs 3 months at \$7.50 per mo.
 5. Paid for 150 bu. corn, for feeding hogs, at 40c per bu.
 6. Paid for grinding 50 bu. corn for hogs at 6c per bu.
 Dec. 1. Care of hogs to date is worth \$7.50.
 5. Received cash for 10 head of hogs, weighing 2425 lbs. at 5c per lb.
 10. Paid cash for 50 bu. corn for hogs at 35c per bu.
 12. Paid for grinding 25 bu. corn for the hogs at 5c per bu.
 24. Received cash for 10 head of hogs, weighing 2720 lbs. at 5½c per lb.
 25. Care of hogs since Dec. 1; is worth \$9. What is my gain?
 Balance and close the account.

[Example One—Page 11.]

Potato Field

Dr Cr.

189-					
May	1	2 days Plowing and Marking	\$ 3.00	6	
	5	15 bu. Seed Potatoes	.60	9	
	6	5 days Planting	1.50	7 50	
June	5	3 days Cultivating	2.50	7 50	
	10	6 days Hoeing	1.50	9	
July	1	3 days Cultivating	2.75	8 25	
	10	7 days Hoeing	1.25	8 75	
Oct.	15	10 days Digging	1.25	12 50	
Nov.	1	250 bu. Potatoes, sold	.40		100
		50 bu. Potatoes, home	.35		17 50
		Use of Ground		15	
		Gain		34	
				117 50	117 50

[Example Two—Page 11.]

Twenty Head of Horses.

Dr. Cr.

189.					
July	1	Cost of Horses	24 50		
	10	Care	7 50		
	15	Freight	2 50		
	17	Feed and Care	30		
	20	Recd. for 5 head Horses		7 50	
	25	Advertising	12 50		
	26	Feed and Care	9		
	27	Recd. for 8 head Horses		12 80	
	28	Feed and Care	12 75		
	29	Recd. for 7 head Horses		68 5	
	30	Time and Expenses, selling	57 75		
		Loss			114 50
			2829 50	2829 50	

4

(ACCOUNT WITH BUILDING, NO. 59 ELM STREET.)

Entered into a contract to build a house on Lot No. 59 Elm street, for which I am to receive \$2000, payable in installments during the progress of the work.

Apr. 1. Paid for stone for the basement \$150.

5. Paid for lime and sand \$30.

8. Paid for excavating cellar \$20.

15. Paid for laying stone walls \$60.

20. Received cash to apply on contract \$300.

24. Paid for lumber for the house \$625.

May 15. Labor of self and men enclosing the house amounts to \$355.

20. Received cash to apply on contract \$500.

June 1. Paid for lime and sand for plastering \$50.

25. Paid the masons for plastering \$115.

26. Received cash to apply on contract \$600.

28. Paid for tin work on roof \$75.

July 15. Labor of self and men finishing the carpenter work amounts to \$125.

25. Paid for painting the house \$150.

30. Received cash for balance due on contract.....What is my gain?

Balance and close the account.

SET ONE.

BOOKKEEPING FOR FARMERS AND TRADESMEN.

Laboring men are not usually engaged in speculative enterprises, and hence, they do not require a complicated set of account books.

If every wage worker would take a few minutes at the close of each day to record his cash transactions, as well as his dealings on account during the day, he would find these records of great value and satisfaction to himself in succeeding months.

In addition to his accounts with persons, every man should keep a record of his verbal contracts and agreements, so that he may refer to them at any time in the future.

The form of cash account and personal accounts already illustrated will be adapted to the limited transactions of persons of this class.

A farmer can keep his accounts in the same form, but his business, if properly cared for, will require one or more property accounts in addition to his accounts with cash and with persons. It would be well for him to notice carefully the results from the different departments of his labor, and by comparing these results he can determine with greater certainty which department pays the best.

If a farmer employs hired help, he should open an account with each laborer, entering under his name a memorandum of the terms of the contract, and giving his former address if he is not from the same neighborhood.

If a hired hand is engaged to work by the month and loses time, he should be debited with the time he has lost, as well as with any amounts he has received to apply on his wages; and at the end of each month he should have credit for the full month's wages at the contract price.

In case of a settlement of an account with any person, if the account is paid in full, or even if a balance unpaid is agreed upon as correct, the account should be closed, even if a balance is forwarded and new entries are to be made at once after the agreement.

The account with Reuben West, given on page 16, illustrates the application of the last three paragraphs.

In the following transactions we have made provision for two property accounts, one with Poultry and another with Cornfield. In Poultry account, as in other accounts like it, where the business is continued from year to year, and the entire property is not disposed of at any one time, the value of the poultry on hand at the close of the year should be added to the credits, before the actual gain or loss can be found. This value, called an inventory, can be brought down as a debit in the new account, if it is desired to continue the account.

The account with Poultry, given on page 15, illustrates the method of recording the value of poultry at the beginning and close of the year, and also the gain on poultry during the year.

In recording the following transactions the student will give a page in the complete account book each to Cash, Poultry, H. Grant, James Drew, Reuben West and Cornfield. Unless the student has a clear understanding of accounts, it would be to his advantage to write the accounts on loose pages and submit them for correction, before recording the transactions in his blank book.

TRANSACTIONS.

JANUARY.

(See Illustrated Accounts on pages 15 and 16.)

1. My cash on hand amounts to \$120. Poultry on hand are worth \$35.
 2. Sold H. Grant on account 5 cords wood @ \$4.50.
 5. Paid cash for repairs on wagon \$1, and for shoeing horses \$2.50.
 6. Sold James Drew on account two tons hay @ \$8, and bought of him on account sundry dry goods amounting to \$7.50.
 15. Received cash of H. Grant to apply on account \$10.
 18. Paid cash for taxes on the farm \$28.20.
 20. Bought sundry groceries of H. Grant on account amounting to \$4.80.
 25. Paid cash for 10 head of sheep at \$4 each.
 30. Feed for poultry during the month is worth \$1.25, and their care is worth \$3.
- [Debit Poultry.]

FEBRUARY.

2. Received cash for 50 bu. oats @ 30c.
5. Bought sundry groceries of H. Grant on account amounting to \$6.45.
20. Paid cash for suit of clothes for self \$16.50.
21. Received cash for five head of hogs \$63.
25. Have used 5 doz. eggs worth 22 cts. per dozen for which poultry should have credit.
27. Sold H. Grant 20 doz. eggs on account at 23 cts. per doz. [Debit Grant. Credit Poultry.]
28. Feed for poultry during the month is worth \$1.50, and their care is worth \$3.25.

MARCH.

1. Engaged Reuben West, of Blainstown, Iowa, to do general farm work for me till Aug. 1, at \$20 per month and board, commencing today.
14. Bought of James Drew on account one overcoat for self costing \$16.50.
19. Bought sundry groceries of H. Grant on account amounting to \$9.55.
21. Have sold eggs for cash as follows: 30 doz. @ 22c, and 10 doz. @ 21c. [Cash received, credit Poultry.]
25. Have used 10 doz. eggs worth 20 cts. per dozen.
26. Paid cash for lumber to repair poultry house \$5. [Cash paid, debit poultry.]
31. Feed for poultry this month is worth \$2, and their care \$1.25. Reuben West has lost 3 days' time during the month estimated at 70 cents per day. [Debit West for lost time, and credit him for wages one month.]

Poultry

Dr. Cr.

189-					
Jan.	1	Present Value		35	
	30	Feed \$1.25, Care \$3		4 25	
Feb.	25	5 doz. Eggs, home use	.22		1 10
	27	20 " Eggs, H. Grant	.23		4 60
	28	Feed \$1.50, Care \$3.25		4 75	
Mar.	21	30 doz. Eggs, cash	.22		6 60
		10 " Eggs, cash	.21		2 10
	25	10 " Eggs, home use	.20		2
	26	Lumber for Poultry House		5	
	31	Feed \$2. Care \$1.25		3 25	
Apr.	18	40 doz. Eggs, cash	.15		6
	20	20 " Eggs, H. Grant	.12 1/2		2 50
	27	10 " Eggs, home use	.12 1/2		1 25
	30	Feed \$1.75, Care \$1.50		3 25	
May	22	12 doz. Eggs, home use	.12 1/2		1 50
	31	Feed \$2.25, Care \$3		5 25	
June	15	2 doz. Chickens, cash	\$4.00		8
	20	6 Chickens, J. Drew	.40		2 40
	28	10 doz. Eggs, home use	.15		1 50
		25 " Eggs, cash	.16		4
	30	Care		1 75	
July	15	Eggs and Poultry, H. Grant			1 2 50
Dec.	10	Eggs and Poultry, cash			1 15
	31	Eggs and Poultry, home use			23 50
		Feed and Care		30	
		Use of Poultry House		20	
		Poultry on hand			40
		Gain on Poultry		122 05	
				234 55	234 55

Reuben West

Dr. Cr.

189-					
Mar.	1	Former address, Blairstown Pa. Engaged for farm work till Aug. 1, 189- at \$ 20 per month and board.			
	31	Lost Time, 3 days Wages for March	70	2 10	20
Apr.	5	Order on James Drew		1 0	
	25	Order on H. Grant		5	
	28	Cash		1 0	
	30	Lost Time, 2 days Wages for April	70	1 40	20
May	18	Cash		1 0	
		Order on H. Grant		3 50	
	31	Lost Time, 2 days Wages for May	70	1 40	20
June	30	Cash		1 6 60	
		Wages for June			20
		Balance		2 0	
				8 0	8 0
July	1	Balance down			20
	31	Lost Time, 3 days Wages for July.	75	2 25	20
		Cash		1 0	
		Order on H. Grant		12 75	
		Order on James Drew		15	
				4 0	4 0

APRIL.

5. Gave Reuben West an order on James Drew for dry goods amounting to \$10. [Debit West and credit Drew.]
11. Bought sundry groceries of H. Grant on account amounting to \$7.05; and sold him on account 50 bu. potatoes @ 40c.
15. Paid James Drew cash on account \$5.
18. Have sold 40 doz. eggs for cash @ 15c.
20. Sold H. Grant on account 20 doz. eggs @ 12½c.
23. Paid James Drew cash on account \$10.
25. Gave Reuben West an order on H. Grant for groceries \$5, to apply on wages.
27. Have used 10 doz. eggs worth 12½c per doz.
28. Paid Reuben West cash \$10 to apply on wages.
30. Feed for poultry this month is worth \$1.75 and their care \$1.50.....Reuben West has lost 2 days time this month estimated at 70 cts. per day. [Debit West for lost time, and credit him for wages one month.]

MAY.

5. Bought sundry merchandise of James Drew on account amounting to \$26.75 and paid him cash to apply on account \$20.
8. Worked with team 8 days plowing cornfield, estimating the work at \$2.50 per day.
11. Worked with team 3 days harrowing cornfield at \$2.25 per day.
15. Worked with team and planter 2 days planting cornfield at \$3.50 per day. Used 5 bu. seed corn worth \$1 per bu.
16. Paid cash for use of corn planter \$4. [Cash paid, debit Cornfield.]
18. Paid Reuben West cash \$10, and gave him an order on H. Grant for groceries, \$3.50 to apply on his wages.
22. Have used 12 doz. eggs worth 12½c per doz.
23. Paid cash for meal and flour \$1.50.
31. Feed for poultry this month is worth \$2.25, and their care \$3.....Reuben West has lost 2 days' time this month, estimated at 70 cts. per day.

JUNE.

12. Sold James Drew on account 20 lbs. butter at 18c.
15. Sold 2 doz. chickens for cash at \$4 per doz.
20. Bought sundry merchandise of James Drew on account, amounting to \$11.75, and sold him on account 6 chickens at 40c each.
24. Have worked with team in cornfield 15 days, estimating the same at \$3 per day.
25. Paid a boy cash for hoeing corn 15 days at 75c per day.
28. Have used 10 doz. eggs worth 15c per doz, and have sold for cash 25 doz. eggs at 16c per doz.
30. Reuben West has lost no time this month, and I have paid him cash \$16.60 and have balanced his account, showing a balance of \$20 due him.....Care of poultry this month is worth \$1.75.

JULY.

10. Paid James Drew cash on account \$12.50.
15. Sold eggs and poultry worth \$12.50 to H. Grant on account.
17. Bought sundry merchandise of James Drew on account, amounting to \$24.50.
18. Received cash for vegetables from garden, \$7.50.
25. Have worked with team in cornfield 20 days, estimating the same at \$3 per day.
27. Paid cash for hoeing corn 10 days at \$1 per day.
31. Reuben West has lost 3 days' time, estimated at 75 cts. per day. As West's contract closes today, I have settled in full with him, paying him cash \$10, and giving him an order on H. Grant for \$12.75, and an order on James Drew for \$15.

NOVEMBER.

25. The cornfield has yielded 1,000 bu. sound corn worth 30c per bu., 200 bu. soft corn worth 15c per bu., and fodder for feed worth \$30.
26. Sold James Drew on account 50 bu. corn at 32c, and bought sundry merchandise of him on account, amounting to \$19.25.
27. Paid cash for cutting and shocking corn \$40.
30. Worked 25 days with team husking and hauling corn and fodder, estimating the same at \$2.50 per day.

DECEMBER.

10. Received cash for eggs and poultry sold since July \$115.
15. Received cash for the stalks in the cornfield \$25, which were not included in the estimate of fodder, given Nov. 25.
20. Closed the account with Cornfield, showing gain on same for the season \$113.50.
24. Received a bill for groceries purchased of H. Grant on account at sundry times since Aug. 1, amounting to \$33.75, for which I have not given him credit. Sold him 25 bu. corn @ 32c, and paid him cash to balance his account \$22.75.
26. Paid James Drew cash in full of account \$45.75.
31. Have used eggs and poultry since July, worth \$23.50.....Feed and care of poultry for past six months are worth \$30.....Use of the poultry house for the year is worth \$20.....Poultry on hand are worth \$40.....Cash on hand is \$59.65.

QUESTIONS FOR REVIEW.

Following each general topic in the book we have arranged a list of questions to guide the student in reviewing the principles over which he has passed. In no case have we given a question that has not had an answer direct or implied in the preceding remarks or illustrated forms.

1. What is an account? 2. What is the title of an account? 3. When is a title debtor? 4. When is a title creditor? 5. How is an account kept? 6. How are dollars and cents indicated in a debtor or creditor column? 7. What is done with fractional amounts? 8. What columns are necessary in a complete account? 9. What are the three forms of arranging the columns of an account? 10. With what besides persons may accounts be kept? 11. What is the object of a cash account? 12. In which column of cash account do we record cash received? 13. In which column do we record cash paid? 14. Where should the cash on hand be placed, at the beginning of the account? 15. How can cash account show the cash on hand at any time? 16. How is cash account balanced? 17. How is cash account closed? 18. How are the prominent words in an entry indicated? 19. When is a person debtor, and when creditor? 20. What are the rules for closing personal accounts? 21. What is the advantage of keeping a property account? 22. What is the rule for debiting and crediting property titles? 23. In opening a property account, what entry is made of property on hand? 24. In closing a property account, what entry is made of the property on hand? 25. How is the loss or gain on property determined, and how is it recorded?

Systems of Bookkeeping.

There are two general systems of bookkeeping in use among business men, differing mainly in the kinds of accounts that are kept.

A great many tradesmen and retail dealers, who do a limited business and employ but few clerks or assistants, find that they can keep accounts with persons and with cash, and sent all accounts showing losses and gains, and yet have all of the results necessary in conducting their business.

Wholesale merchants, manufacturers, bankers, commission merchants and all others doing an extensive business, find it far more satisfactory to keep property and other loss and gain accounts, as well as those with persons and with cash.

If a merchant sells a bill of merchandise to a customer on account, the customer is debtor for the amount, and if merchandise account is kept, merchandise is creditor for the amount. If the merchant keeps accounts with cash and persons only, he will make only one entry in above transaction, debiting the customer. If the merchant keeps a property account also, he will make two entries in above transaction, debiting the customer and crediting merchandise.

Thus, we might give any number of transactions, and show that the first merchant would in nearly every case make a single entry for each transaction, and the second merchant would make a double entry for each. Hence, the term *Single Entry* is used to describe the system of keeping accounts only with persons and cash, and *Double Entry* to describe the system of keeping all accounts related to the business.

There are exceptional transactions, in which the debit shows a resource and the credit a liability, thus requiring two ledger entries in the single entry system; and so there are other exceptional entries in which the debit shows a loss and the credit a gain, the result showing neither a resource nor a liability, and requiring no entry in the single entry ledger. But such transactions occur so rarely as to make no change in our general definition of the two systems.

In *Set One*, all of the historical records and results are kept in one book, a separate page being devoted to each account. Such a book is usually called a *Complete Account Book*. In a business having a greater number of transactions, it is found more convenient to have historical books for recording the transactions in consecutive order as they occur, and another book, called the *Ledger*, for transferring the debits and credits in the form of accounts.

Single Entry bookkeeping usually employs a cash book for recording cash receipts and payments, and a day book for recording all other transactions. These are entered in consecutive order as they occur from day to day, and the debits and credits of persons are transferred from these books to the ledger.

Sets Two and Three, on succeeding pages, will illustrate practical systems of *Single Entry* bookkeeping. A thorough mastery of these systems will prepare the student for a clear comprehension of *Double Entry*, which is the true *Science of Accounts*, and which we would recommend to all accountants representing any extended business.

SET TWO.

SINGLE ENTRY FOR RETAIL MERCHANTS.

In recording the following transactions, the cash book and day book will be used for the historical entries, and the ledger will be used for posting the debits and credits of persons from the day book and cash book.

THE CASH BOOK.

The cash book, illustrated on pages 24 and 25, differs from the cash account illustrated on page 7, in using two pages of an open folio. The left page is used for cash receipts, and the right page for cash payments.

The cash book serves a double purpose, in showing all receipts and payments of cash, and also showing the personal debits and credits for cash that require entry in the ledger. Since all receipts and payments of cash do not apply on account, and hence do not require ledger entries, it follows that a distinction should be made in making different entries in the cash book in order that the bookkeeper may determine at a glance what cash entries require posting to the ledger, and what ones may be passed by, in the posting. If a person receives or pays cash to apply on his account, his name should be given the prominent place in the cash book, next to the date column; and if he receives or pays cash that does not apply on his account, his name should be given the secondary place, if used at all, and the thing for which cash was received or paid should have the prominent place in the explanatory column. Cash received on account credits the person paying the cash, and all entries posted to the ledger from the received side of the cash book are credits; while cash paid on account debits the person receiving the cash, and all entries posted to the ledger from the paid side of the cash book are debits.

The cash investment or the cash balance should be entered in the last column of the received side, the first column being reserved for the cash receipts which should be added daily or weekly, and the totals extended to the last column, showing the total receipts for such periods of time. In the same manner the cash payments can be entered in the first column of the paid side, and the total payments for a corresponding period of time can be extended to the last column, which, like the last column of the received side, is reserved for totals, balance entries, and footings.

Sales at retail for cash and small purchases for cash, are usually entered on tickets or slips of paper which are placed on file at the desk or cash drawer. At the close of the day the sale tickets are added together and their total is entered as "received for cash sales," and the total of the purchase tickets is recorded as "paid for cash purchases."

THE DAY BOOK.

In opening a new set of books, the business address and the date should first be entered in the day book at the top of the first page used for records. Following these the proprietor's name should be given, and also a list of the resources and liabilities belonging to the business. If any of the resources or liabilities consist of balances of account due to or from persons, such balances should each have a place in the new ledger. (See Model Day Book on page 23.)

If a person with whom we open an account has some other postoffice address than that of our place of business, such address should be given in the ledger along with the title. To insure its appearance in the ledger, it should be given along with the person's name in the original entry when it is first determined that a ledger account is necessary.

Bills of merchandise bought at wholesale are usually accompanied by invoices giving items and prices. If such purchases are on account, the credit may be made in the day book for the amount of the bill without recording the items. In case of purchases on account not accompanied by invoices, and in case of sales on account, the items and prices should be recorded in the day book.

As every transaction of ours on account with any person must make that person either our debtor or our creditor, it follows that recording in our day book the person's name with the term debtor, abbreviated Dr., would mean that he had received from us on account the items given in the record; and his name with the term creditor, abbreviated Cr., would mean that we had received from him on account the items given in the record.

If we wish to make entries in the day book that do not show debits or credits, we can use any descriptive style that may be brief and plain and omit the term Dr. or Cr.

The day book is generally ruled with two amount columns, the first being used for the items of a transaction, and the second for the total of these items. If only one item belongs to a transaction, its amount can be carried out to the last column.

A transaction that is partly for cash and partly on account, as a purchase with cash paid for a part of the amount and the balance on account, or a sale with cash received for a part of the amount and the balance on account, should be posted in full in the ledger. The entire purchase should be credited from the day book, and the cash paid to apply on same should be debited from the cash book; or the entire sale should be debited from the day book, and the cash received to apply on same should be credited from the cash book.

THE LEDGER.

The ledger is not a book of original entries, and hence, every entry in it should first have an itemized record in some historical book. The ledger is generally ruled for accounts in the second form, with date, explanation and amount columns for the debits on the left half of the page; and similar columns for credits on the right half of the page. The items of a transaction are not usually given in the ledger; but, instead of this, a column is ruled next to the amount column, for recording the page of the historical book from which the entry is posted. Thus, the ledger becomes a summary of debits and credits, showing results without giving items; while a reference from the page column of the ledger to the historical book, will give all necessary items and explanations.

Since the accounts are posted from more than one book, it follows that the figures in the page column of the ledger must refer to different historical books. The explanation column in the ledger account should contain the name of the book from which the account is posted.

The ledger page of the account should be written as a postmark on the left margin of the original entry, which serves a double purpose. It indicates that the entry has been posted, and it also gives the page of the ledger on which the entry may be found. This latter information is of great service to the bookkeeper in reviewing his posting, as it avoids the necessity of his referring to the index to find the location of ledger accounts.

A ledger that has any considerable number of accounts should have each title of account indexed as soon as it has been assigned to a page. Ledgers, unless very large books, have index sheets in the front of the book, in which a page or part of a page is devoted to each letter of the alphabet, so that all surnames of persons and all other titles of accounts beginning with a particular letter of the alphabet, may be entered in the space assigned to that letter, and opposite each title is space for recording the number of the page where the account may be found. Large ledgers frequently have index sheets in a separate book, which avoids the turning of the leaves in the large book so repeatedly to find the index pages.

It is essential that all young accountants should acquire the habit of indexing accounts as soon as they have been opened in the ledger, to avoid the danger of opening more than one account with the same title.

HISTORICAL ENTRIES.

The historical entry, also called the original entry, giving the items pertaining to each transaction, is without doubt the most important record in a set of account books. The entries that follow in other books are merely for the purpose of classifying the results that grow out of the original entry.

If an error is made in the original entry, the results derived from such entry must be wrong, and the accountant has no means of correcting such results, unless he first discovers the error in the original entry, which he may never do. If an error is made in determining or recording results, and the original entry is correct, the latter may be referred to at any time and the error corrected.

So important is the historical entry in a set of books, that it alone of our records can appear as evidence in a disputed account. If, in our settlement with a person with whom we have had dealings, our account is disputed and the case is submitted to a court for decision as to the correct balance, our historical books only will be accepted as evidence, and they only on certain conditions; namely, that our records in other cases than those under dispute can be proven correct, that the records were written at or near the time of the transaction, and that there are no signs of erasures or alterations in the original entries in question.

To meet these requirements, and to make a set of record books that would inspire confidence as evidence in a case, we would suggest that the student observe the following:

RULES FOR MAKING HISTORICAL ENTRIES.

1. *Use a uniform style of describing transactions of the same kind.*
2. *Use brief explanations, and yet, make them plain enough to describe the transactions intelligibly to a stranger.*
3. *In recording sales on account, the quantity and price of each item should be given, and in recording purchases on account, the quantity and price of each item should be given, unless a bill of the purchase is filed away.*
4. *Every original entry should be made on the day on which the transaction occurred.*
5. *In case of an error in the original entry, do not erase or interline, but mark the record "void," and write a new one, explaining that it is a correction. This should be done to show the court that no fraud was intended by the change of record. Erasures or corrections may occur in any records except original entries.*
6. *Since figures obscurely or incorrectly made cannot be corrected by the surrounding figures, as letters in a word, great care should be exercised in writing figures.*
7. *As bookkeeping affords no method of proving original entries correct, the bookkeeper must train himself to absolute accuracy in recording such entries.*

TRANSACTIONS.

The student may supply the business address, month, and year, and consider the numbers above the sections as days of the month. The student should regard himself as proprietor of the business, and his name should appear on the books in that relation.

In opening accounts in the ledger, give each account one-fourth of a page.

(See *Illustrations of the Day Book, Cash Book, and Ledger, on pages 23, 24, and 25.*)

I

Commenced business with the following resources and liabilities:

Resources—Cash \$556.02, a stock of groceries inventoried at \$300, and a balance of account of \$200 due from R. E. Lee.

Liabilities—Balance of account favor James Dawes \$75, and balance of account favor M. E. King \$150.

Paid cash for rent of store room one month \$25.

Received invoice from Hart & Co., Boston, of merchandise bought of them on account amounting to \$236.95.

Paid cash for freight on above invoice \$3.

[A Page of the Day Book.]

College City, Feb. 1, 189-

The Student began business
today with the following:

— Resources —

Cash

556 02

Stock of Groceries

300

1 R. E. Lee, Debit balance

200

1056 02

— Liabilities —

2 James Dawes, Credit balance

75

3 M. E. King " "

150

225

4 Hart & Co., Boston Cr.

Mdse. per Invoice No. 1

236 95

3

3 M. E. King Dr.

Stock of Groceries

325

4 Hart & Co. Cr.

Mdse. per Invoice No. 3

49 49

5 A. E. Blair Dr.

6 yds. Cassimere

.95

570

10 " Bleached Sheetting

.10

1

4 " Cotton Flannel

.20

80

7 50

6 L. A. Kemp Cr.

200 lbs. Wool

.27

54

6 L. A. Kemp Dr.

10 yds. Cashmere

\$1.00

10

25 " Cot. Flannel

.20

5

43 " Print

.06

258

17 58

[The Left Folio of the Cash Book.]

Feb 189-

Cash Received

Date	Fol				
1		Amount Invested			556 02
2		Ticket Sales	33 29		
3	3	M. E. King, on a/c	175		
		Ticket Sales	54 01		
4	7	J. L. Adams, on a/c	10		
		Ticket Sales	38 22		
	1	R. E. Lee, on a/c	25		335 52
					891 54
5		Balance down			124 16
	8	Union Woolen Mills, a/c	100		

[An Account from the Ledger.]

R. E. Lee

189-				189-			
Feb. 1	Day Book	1	200	Feb. 4	Cash	2	25
5	" "	2	30 50	5	"	2	25
				6	"	4	40
					Balance		140 50
			230 50				230 50

[The Right Folio of the Cash Book.]

Feb. 189-

Cash Paid

Date	Folio				
1		Rent one month	25		
		Freight, Invoice No. 1	3		
2		Inv. No. 2 Union W. Mills	191 42		
		Exchange on Draft	25		
		Freight, Invoice No. 2	1 75		
		Cleaning Store Room	2 50		
3		Freight, Invoice No. 3	1 50		
4		Hart & Co., Draft on a/c	25		
		Exchange on Draft	10		
		Wool, T. Jinks	27		
4		Wool. Sundry Purchases	324		
		Wool, Bal. G. A. Hunter	55 86		
		Freight, 2000 lbs. Wool	10		
4		Hart & Co., on a/c	100	767 38	
		Balance on hand		124 16	
				891 54	
5		Freight, Invoice No. 4	1 75		
		Drayage	2 25		

[An Account from the Ledger.]

Hart & Co., Boston

189-				189-			
Feb. 3	Cash	3	25	Feb. 1	Day Book	1	236 95
4	"	3	100	3	" "	1	49 49
6	"	3	50	5	" "	2	388
	Balance		499 44				
			674 44				674 44

2

Sent cash per bank draft to the Union Woolen Mills, to pay for an invoice of cassimere and flannel amounting to \$201.50, on which they have offered a cash discount of 5 per cent, if the invoice is paid at once. Amount sent \$191.42.

Paid cash for exchange on above draft 25 cents.

Paid cash for freight on above invoice \$1.75.

The sale tickets for the day show cash sales amounting to \$33.29.

Paid cash for cleaning store room \$2.50.

3

Sold my stock of groceries to M. E. King for \$325, receiving cash to apply on same \$175, balance on account.

Received from Hart & Co. a second invoice of merchandise bought of them on account, amounting to \$49.49.

Paid cash for freight on last invoice \$1.50.

Sent Hart & Co. cash per draft to apply on account \$25, also paying cash for exchange on the draft 10 cents.

Sold A. E. Blair on account 6 yds. cassimere @ 95c, 10 yds. bleached sheeting @ 10c, 4 yds. cotton flannel @ 20c.

Bought of L. A. Kemp on account 200 lbs. wool @ 27c. Sold him on account 10 yds. cashmere @ \$1, 25 yds. cotton flannel @ 20c, 43 yds. print @ 6c.

Cash sales today per tickets amount to \$54.01.

Paid T. Jenks cash for 100 lbs. wool @ 27c.

4

Sold J. Q. Adams 10 yds. cassimere @ 95c, 20 yds. brown sheeting @ 8c, 16 yds. denim @ 18c, 24 yds. gingham @ 12½c. Received of him cash to apply on the purchase \$10, balance on account.

Bought of M. E. King on account 200 lbs. wool @ 27c.

Paid cash to sundry persons for 1200 lbs. wool @ 27c.

Bought 300 lbs. wool of G. A. Hunter, selling him sundry merchandise in part payment, and giving him cash \$55.86 to pay the balance.

Shipped to the Union Woolen Mills, Clinton, on account 2000 lbs. wool @ 30c.

Paid cash for freight on the wool \$10.

Cash sales today per tickets amount to \$38.22.

Paid Hart & Co. cash to apply on account \$100.

Received cash of R. E. Lee to apply on account \$25.

The cash in drawer and safe this evening amounts to \$124.16. [The cash book should show the same balance.]

5

Received cash of the Union Woolen Mills to apply on account \$100.

Sold R. E. Lee on account 20 yds. cashmere @ \$1, 24 yds. gingham @ 12½c, 15 yds. flannel @ 50c.

Received invoice from Hart & Co. of merchandise bought of them on account, amounting of \$388.

Paid cash for freight on last invoice \$1.75.

Paid cash for drayage to date \$2.25.

Paid cash for premium on insurance of merchandise \$5.

Paid James Dawes cash on account \$25.

Bought of H. S. Lowry 350 lbs. wool @ 27c. Paid him cash to apply on the purchase \$47.25, balance on account.

Bought 300 lbs. butter of G. W. Simmons, selling him sundry merchandise in part payment, and giving him cash \$39.52 to pay the balance.

Cash sales today per tickets amount to \$87.10.

Received cash from R. E. Lee to apply on account \$25.

6

Sent Hart & Co. cash per draft to apply on account \$50. Also paid cash for exchange on the draft 10 cents.

Received cash of J. Q. Adams to apply on account \$5.

Paid M. E. King cash to apply on account \$20.

Paid cash for suit of clothes for self \$18.75.

Received cash of A. E. Blair to apply on account \$6.

Sold H. S. Lowry on account 10 yds. cashmere @ \$1, 6 spools thread @ 5c, 41 1/2 yds. bleached sheeting @ 10c, 43 yds. print @ 6c.

Received cash of R. E. Lee to apply on account \$40.

Cash sales to-day per tickets amount to \$80.52.

Paid James Dawes cash on account \$20.

Received cash from the Union Woolen Mills to apply on account \$150.

Paid L. A. Kemp cash on account \$25.

Paid cash to sundry persons for 400 lbs. butter @ 20c.

Shipped to Lee & Shepard, New York, 700 lbs. butter on account @ 22 1/2 c.

Paid cash for freight on the butter \$3.50.

The cash in safe and drawer this evening amounts to \$279.66.

The student may close all accounts in the ledger, using balance entries if the accounts are not already in balance.

STATEMENTS.

A statement is a summary of the resources and liabilities, showing the present condition of the business, and comparing this with the condition at some previous time, thereby indicating the progress of the business.

Resources include the balances which others owe us on account, the balance of cash on hand and in bank, other people's notes and written obligations payable to us, and the values of property shown in our inventory.

Liabilities include the balances which we owe others on account, our notes and written obligations outstanding, and the amounts we owe as shown by the inventory.

Inventories are taken to show the present value of property not shown on the account books. The ledger in Single Entry shows the balances due to us or from us on verbal promises, the note book shows the balances due on written promises, the cash book shows the balance of cash on hand; and all the merchandise, chattels and real estate on hand and interest unpaid, can only be shown in either Single or Double Entry by the inventory, which is an itemized list of such property, giving the quantity and present value. All expenses of the business prepaid, such as unexpired rent or insurance, wages paid in advance, etc., are also resources which can only be shown by the inventory.

Sometimes it is necessary to make an inventory of debts not shown on the account books, such as rents due and not yet paid, wages due workmen, interest due and unpaid.

In the broadest use of the term, the inventory is a list of resources or liabilities not shown on the account books.

In making statements, care should be exercised that they do not give an inflated showing of the business. Personal accounts are frequently uncollectible, and notes are not always good for their face value, and even property is sometimes inventoried at more than its real worth. The statement is not an absolute showing of our worth, as it merely announces our worth, provided the personal accounts are all good, the notes all collectible, and the inventories not overestimated. Some firms, in making statements, deduct a certain per cent from their unsecured accounts and notes, their experience in dealing with a certain class of traders enabling them to approximate closely to the actual shrinkage of these values. We cannot give any standard rate at which to discount these values, as the shrinkage depends mainly on the caution used by the firm in giving credit to others, and in their promptness in urging collections.

Merchants and stock companies usually make a statement of their business once a year, although some make statements as often as every three or six months. At the beginning of

the statement should be recorded the name of the firm whose business is represented, and the date when the statement is rendered.

The resources are arranged together and their sum taken, which shows the entire property of the firm. The liabilities are also classified together and their sum deducted from the total resources, showing the remainder as the real value of the firm, called its Present Worth or Net Worth. If the business has been adverse to such a degree that the liabilities exceed the resources, the excess of the liabilities is called the firm's Net Insolvency. It is evident that if the present worth is greater than the amount invested, the difference must be a gain, and if the present worth is less, the difference must be a loss.

The sources of information from which the statement is arranged are the following :

Ledger.—If the debtor side of an account is the larger, the excess will be a resource. If the creditor side is the larger, the excess will be a liability.

Cash Book.—If the received side is the larger, the excess will be a resource. The paid side of cash may be equal to the received, but it can never properly be larger, because the merchant cannot pay out more money than he has had on hand, unless the cash account includes his transactions at bank and he is allowed to overdraw his bank account, in which case the credit balance would be a liability due the bank.

Note Book.—Other people's notes in our favor still unpaid are resources. Our notes still outstanding are liabilities.

Inventory.—All property on hand, such as real estate, merchandise, chattels, stocks and bonds, interest receivable and expenses prepaid, if estimated at their market value, are resources. Expenses and interest payable, and other obligations not shown on our books, are liabilities.

In making a statement at the close of Set Two, the student will find all of the facts required except the inventories, in the cash balance, the ledger balances, and the opening day book entry.

The following results appear in the inventory : Unsold merchandise at cost price amounts to \$546.95, 350 lbs. wool on hand is worth 27 cts. per pound, and the unexpired rent and prepaid insurance amount to \$15. (See Illustrated Statement on page 29.)

RULES RELATING TO STATEMENTS.

1. To find the Present Worth, subtract the total liabilities from the total resources.
2. To find the Net Insolvency, subtract the total resources from the total liabilities.
3. To find the Net Gain, subtract the net capital at commencing from the present worth.
4. To find the Net Loss, subtract the present worth from the net capital.
5. To find the Net Capital, subtract the liabilities invested from the resources invested.

PRACTICE IN STATEMENTS.

The student may rule pages of paper and write statements from the following examples :

I.

A merchant commenced business with a capital of \$2,000. At the end of six months his books show the following :

RESOURCES.

Ledger.—Balance due from A. B. \$300, balance due from C. D. \$250, balance due from E. F. \$350, balance due from G. H. \$100.

Cash Book.—Balance of cash on hand, \$1,550.

Note Book.—Notes on hand unpaid \$750.

Inventory.—Merchandise unsold amounts to \$750.

LIABILITIES.

Ledger.—Balance due J. K. \$300, balance due L. M. \$250.

Note Book.—Notes outstanding \$750.

Inventory.—The merchant owes for unpaid rent \$75, for clerk hire \$42.50. Give the present worth, and the gain or loss.

Statement—Set Two, Feb. 6, 189—

<u>Resources</u>				
Ledger	R. E. Lee	140	50	
	A. E. Blair	1	50	
	J. D. Adams	1	98	
	Union Woolen Mills	350		
	Lee & Shepard	157	50	651 48
Cash	Cash on hand			279 66
Inventory	Merchandise Unsold	546	95	
	Wool, 350 lbs. @ 27 ¢	94	50	
	Rent and Insurance prepaid	15		656 45
	Total Resources			1587 59
<u>Liabilities</u>				
Ledger	James Dawes	30		
	M. E. King	34		
	Hart & Co.	499	44	
	L. A. Kemp	11	42	
	H. S. Lowry	30	22	
	Total Liabilities			605 08
	Present Worth			982 51
	Resources Invested	1056	02	
	Liabilities "	225		
	Net Investment			831 02
	Net Gain			151 49

II.

A merchant invested in business \$6,000. At the end of one year his books and inventory showed the following results:

Ledger.—Herbert Mann Dr. \$575, Cr. \$225; James Johnson Dr. \$275, Cr. \$525; G. Lambert Dr. \$375; M. Stafford Dr. \$495, Cr. \$645; C. Harter Dr. \$775, Cr. \$325; C. I. Mason Dr. \$342, Cr. \$592.

Cash Book.—Cash received \$13,295, paid \$12,145.

Note Book.—Notes receivable received \$2,750, disposed of \$1,925; Notes payable issued \$1,750, redeemed \$1,250.

Inventory.—Value of store room \$1,500, merchandise unsold \$1,250, insurance prepaid \$15; accrued interest on notes payable \$27.50, one-half month's wages due the bookkeeper at \$50 per month.

What is the present worth, and the gain or loss.

III.

A man rented a farm and began the work of the year without capital. At the end of the year he had the following resources and liabilities:

He owes the grocer \$35.64, the merchant \$54.25, the blacksmith \$23.62, the shoemaker \$25.25. The miller owes him for wheat \$75, the butcher owes him for 1 cow \$40, his neighbor owes him for wages, \$32.75. He has cash on hand \$57.39. He had given notes for a team \$375, and for 2 cows \$75, and has since paid on these notes \$150. He now has a team worth \$390, cow and calf worth \$50, 2 colts worth \$85, poultry worth \$35, and farm products on hand worth \$275.

He still owes on farm rent \$125. How much is he now worth, and what is his gain besides his living expenses for the year?

IV.

A man failed in business and began anew with no capital but his experience and with liabilities from former business \$775. At the end of a year his books show the following results: Due from persons on account \$625, due to persons on account \$1,250, merchandise on hand \$1,395, store room \$3,750 on which there is a mortgage securing his notes payable for \$3,250, accrued interest on the notes \$242.50. He has cash on hand \$27.25 and in bank \$125.25. He owes the bank on his note discounted there \$650. What is he worth and what has he gained?

QUESTIONS FOR REVIEW.

1. What accounts are usually kept in Single Entry, and what books are used? 2. What transactions are recorded in the cash book? 3. What distinction is made in recording cash entries that apply on account, and those not applying on account? 4. What is the office of the day book? 5. How are transactions on account recorded in the day book? 6. What is the office of the ledger? 7. In what does a ledger differ from a complete account book? 8. What is the process called posting? 9. From what books are the ledger accounts posted? 10. What date is posted in the ledger entry? 11. What is written in the explanation column of the ledger account? 12. What is written in the page column? 13. What postmark is used in the historical books to indicate that entries have been posted to the ledger? 14. How are ledger accounts indexed? 15. In opening up a new set of books, what record should first be made? 16. How should the investment in business be recorded? 17. What should be done, after entry in the day book, with balances of account invested from a former business? 18. Where should we note the address of persons having accounts in our ledger? 19. When should such address be given? 20. What record is made of invoices of merchandise bought at wholesale? 21. What entries should itemized in the day book? 22. What is meant by a historical or original entry? 23. Is the original entry more important than the ledger entry? 24. If so, why? 25. When should sales be itemized? 26. When should purchases be itemized? 27. In correcting an error, is it safe to erase any part of an original entry? 28. Can a ledger entry be erased and corrected? 29. What is a statement? 30. What does the term, resources, include? 31. What does the term, liabilities, include? 32. Of what does an inventory consist? 33. How may we guard against the showing of fictitious or inflated values in a statement? 34. How often are statements usually made? 35. What is the present worth of a firm? 36. When is a firm said to be insolvent? 37. How may the net gain be found? 38. How may the net loss be found?

SET THREE.

SINGLE ENTRY FOR PARTNERSHIP ACCOUNTS.

In recording a partnership business, the day book should begin with an account of the partnership agreement, after which each partner should be credited with his resources invested, and debited with his liabilities assumed by the firm.

In case one of the partners makes only a cash investment, the entry could be omitted from the day book, and be posted from the cash book; but being a part of the investment record, it would seem advisable to give it a place in the day book.

If cash received or paid on account is entered in both day book and cash book, the words "Day Book" should be written in the prominent place in the cash book, instead of the person's name, indicating that the entry will be posted from the day book, and not from the cash book. In case an account is settled in full, part being paid in cash and the balance being discounted, the entire entry should appear in the day book, the discount being debited or credited along with the cash.

The first debit in the cash book on page 36, and the tenth credit on page 37, illustrate cash entries that appear also in the day book. The sixth entry on page 34 illustrates the method of entering cash and discount in the day book.

It is customary for wholesale merchants to offer a cash discount with each invoice they send out, if the same is paid within a specified time, and the prosperous retail merchant will watch these offers and pay his bills within the specified time, in order to receive the discount. The discount rate and the discount period are not uniform, changing with different firms and on different classes of goods; hence, the merchant needs to keep a careful record of his discount offers.

The second entry on page 34 illustrates a good method of recording discount offers in the day book, and the same entry posted to the ledger on page 38 illustrates the method of recording discount offers in the ledger.

Debits and credits are posted from the cash book, the same as in the preceding set. If a part of the cash is deposited in bank, and some of the payments are made by check on the bank and others by cash, it would be convenient to use separate columns in the cash book for the bank transactions. The second one of the received columns can be used for recording deposits in bank, and the second of the paid columns for payments by check. The first column on each side will show cash receipts and payments, and the balance between these columns will show cash on hand, while the balance between the deposit and check columns will show the cash in bank, or the balance due the bank, if the checks exceed the deposits.

Sometimes small amounts of cash are received or paid out, and tickets or entries for the same are forgotten. In such case the cash in the money drawer will fail to agree with the balance shown in the cash book, and such discrepancy can best be shown by the entry "Not accounted for," with the amount of the discrepancy in the proper column, leaving the balance of cash, as shown in the cash book, equal to the cash in drawer or safe. This entry can be written with a pencil, and afterward erased and the transaction properly described, if discovered after the account is balanced.

The model cash book on pages 36 and 37 illustrates the use of cash and bank columns and the method of recording cash on hand and not accounted for.

The note book illustrated on pages 36 and 37 is the standard form adapted to either single or double entry. Other columns may be added, adapting the note book to special forms of double entry bookkeeping. There should be a column for the date when the note is used in the business, and another column for the date of the note, as these two dates are sometimes

different. Another column should contain the number of each note, the notes being numbered in the order that they are issued or received. Other columns should contain the name of the maker or signer, the name of the person to whom the note is payable, for what the note was given or received, where it is payable, the term of payment, when due with special columns for each month, the amount or face of the note, the rate of interest, and a column for recording when and how the note is disposed of.

Three days longer than the term of credit, called days of grace, are usually allowed on all notes before they are considered legally due, the legal date due being recorded in the note book. Some states have dispensed with days of grace, making the note fall due at the expiration of the term named. In our computations in this text we have allowed days of grace on notes and drafts.

An accepted draft creates the same responsibility as a note. The person accepting a draft makes a promise to pay the draft according to its terms. If it is payable a certain time after sight, the time when it is seen and accepted gives it date as a promise, and its time to run counts from the date of acceptance. If the draft is payable a certain period after date, the time of acceptance would not affect the maturity of the draft. If a note has been given or a draft accepted to apply on account, the transaction should be entered in the day book, before being posted to the ledger. A note or accepted draft received from a person to apply on account, should credit that person; and a note or accepted draft given to a person to apply on account, should debit that person.

Some bookkeepers post such debits and credits directly from the note book to the ledger; but, unless such transactions occur frequently, they are liable to be overlooked in posting the ledger.

The day book, cash book, note book, and ledger should be used in recording the following transactions. Each account should have one-fourth of a page in the ledger.

TRANSACTIONS.

OCT. 4, 189----

The student and Harvey Patterson have this day entered into partnership as dealers in groceries and produce, under the firm name of (Student) & Patterson, each investing an equal amount and sharing equally in gains and losses.

The student has invested a stock of groceries inventoried at \$1534.75, a horse and wagon for delivering goods valued at \$250, and the following ledger balances from city customers and country dealers considered responsible: H. Emery, No. 139 Fourth avenue, \$12.50; Myron Jones, No. 129 Sixth street, \$37.75; Charles Trenton, No. 232 Fifth street, \$35.25; O. Sherman, dealer at Riverside, \$7.50; E. C. Martin, dealer at Stanton, \$54.25.

The student owes the following balances of account, which the firm has assumed to pay: Meade & Morton, St. Louis, \$175; Archer & Parton, Chicago, \$268.50.

Harvey Patterson has invested cash \$1488.50.

Deposited cash in bank \$1400.

Gave check to H. O. Pratt, to pay rent of store room to Nov. 1, \$50.

5

Bought of R. Newland, a market gardener, on account, 20 bu. potatoes @ 40c, 100 heads cabbage @ 5c.

Paid cash for sundry produce \$8.50.

Sold Charles Trenton on account 20 lbs. A sugar @ 6c, 5 lbs. Rio coffee @ 20c, ½ bu. potatoes @ 50c.

Received for cash sales today \$37.75.

Received cash of H. Emery in full of his account \$12.50.

Received invoice of groceries from Archer & Parton, amounting to \$350.50, with an offer of 3 per cent cash discount, if paid within 10 days.

Gave check to the Commercial Railway to pay freight on last invoice, \$10.75.

Deposited cash in bank \$50.

[TRANSACTIONS CONTINUED ON PAGE 35.]

[First Page of the Day Book.]

College City, Oct. 4, 189-

The Student and Harvey Patterson have entered into partnership as dealers in groceries and produce, under the firm name of (Student) & Patterson. They make equal investments and share equally in gains and losses.

The Student Cr. 1932

Resources invested

Groceries per Inventory 1534 75

Horse and Wagon 250

H. Emery, Dr. balance 12 50

Myron Jones " " 37 75

Chas. Trenton " " 35 25

O. Sherman " " 7 50

E. C. Martin " " 54 25

The Student Dr. 443 50

Liabilities assumed by firm

Meade & Morton, Cr. balance 175

Archer & Parton, 268 50

Harvey Patterson Cr. 1488 50

Cash invested

5 Q. Newland Cr. 13

20 bu. Potatoes .40 8

100 hds. Cabbage .05 5

[Second Page of the Day Book.]

Oct. 5, 189-

	Charles Trenton	Dr.			2 45
	20 lbs. A Sugar	.06	1 20		
	5 lbs. Rio Coffee	.20	1		
	1/2 bu. Potatoes	.50	25		
	Archer & Parton	Cr.			350 50
	Inv. No. 1, 3 off 10 days.				
6	O. Sherman	Cr.			19 40
	20 doz. Eggs	.13	2 60		
	120 lbs. Butter	.14	16 80		
	Norton & Quinn, Chicago,	Cr.			22 50
	50 baskets Grapes	.25	12 50		
	25 " Peaches	.40	10		
	Meade & Morton	Cr.			127 50
	Inv. No. 3, 5 off 20 days				
	Archer & Parton	Dr.			350 50
	Cash, proceeds Inv. 5th inst.		339 98		
	Discount 3% on same		10 52		
	C. Crisman, Leesburg,	Cr.			112 50
	450 bu. Potatoes	.25			
	Reed & Young, 26 First Ave.	Dr.			4
	6 baskets Grapes	.33 1/3	2		
	4 " Peaches	.50	2		
	Smith & Lee, 34 Second St.	Dr.			583
	10 baskets Grapes	.33 1/3	3 33		
	5 " Peaches	.50	2 50		

6

Received from O. Sherman 20 doz. eggs @ 13c, 120 lbs. butter @ 14c, for which we have given him credit to apply on account.

Received from Norton & Quinn, Chicago, billed to us on account, 50 baskets grapes @ 25c, 25 baskets peaches @ 40c.

Paid cash for express charges on grapes and peaches, \$4.

Received an invoice of groceries from Mead & Morton, amounting to \$127.50, billed on account with an offer of 5 per cent cash discount if paid within 20 days.

Gave check to the Commercial Railway to pay freight on last invoice \$7.50.

The student has drawn out cash for personal use \$25.

Paid cash for sundry produce \$17.50.

Received for cash sales today \$95.37.

Sent our check for \$339.98 to Archer & Parton to pay for their invoice credited 5th inst., after deducting the cash discount offered by them. [Such a transaction should be entered in the day book, debiting Archer & Parton for the check and the discount, after which the check should be entered in the cash book.]

Paid cash for cleaning store room \$3.

Received a carload of potatoes from C. Crisman, of Leesburg, 450 bushels @ 25c, billed to us on account.

Gave a check to the Commercial railway to pay freight on the potatoes, \$36.

Sold peaches at 50 cts. per basket, and grapes, at 33 $\frac{1}{3}$ cts. per basket today to city dealers on account: Reed & Young, No. 26 First avenue, 6 baskets grapes, 4 baskets peaches; Smith & Lee, No. 34 Second street, 10 baskets grapes, 5 baskets peaches; Charles Marvin, No. 39 First avenue, 8 baskets grapes, 4 baskets peaches; Henry Carter, No. 32 Second avenue, 12 baskets grapes, 5 baskets peaches.

Received cash of Myron Jones to apply on account \$25.

Deposited cash in bank \$140.

The cash in drawer this evening amounts to \$12.56, which makes \$1.44 cash received and not accounted for on the tickets. The pass book shows deposits amounting to \$1590, and the check book shows checks issued amounting to \$444.23.

7

Received from Norton & Quinn on account 50 baskets peaches @ 37 $\frac{1}{2}$ c, 40 baskets grapes @ 25c.

Gave a check to the Commercial Railway for freight on peaches and grapes \$5.

Sold Reed & Young on account 30 bu. potatoes @ 40c, 12 baskets peaches @ 48c, 8 baskets grapes @ 33 $\frac{1}{3}$ c. Received cash from them to apply on account \$5.

Sold E. C. Martin on account 50 bu. potatoes @ 40c; and received his note at ten days in our favor, payable at our bank, for \$70 without interest, to apply on account.

Bought of R. Newland on account 20 squashes @ 12 $\frac{1}{2}$ c, 10 bu. turnips @ 30c. Sold him on account 20 lbs. bro. sugar @ 6c, 5 lbs. Rio coffee @ 20c, 1 lb. Japan tea @ 70c, 4 lbs. soap @ 6 $\frac{1}{4}$ c.

Received cash of Charles Trenton to apply on account, \$20. Sold him on account 1 sack flour @ \$1.70, 1 basket peaches @ 75c, 2 lbs. corn starch @ 12c.

Sold Smith & Lee on account 20 bu. potatoes @ 40c, 8 baskets peaches @ 48c, 15 baskets grapes @ 33 $\frac{1}{3}$ c.

Gave O. Sherman a check for \$10 to apply on account. Sold him on account 12 baskets grapes @ 33 $\frac{1}{3}$ c, 20 baskets peaches @ 45c.

Received for cash sales today \$71.25.

Sold Charles Marvin on account 30 bu. potatoes @ 40c.

Paid cash for postage and stationery \$2.25.

Harvey Patterson has taken sundry groceries on his private account, amounting to \$6.85.

Sold Henry Carter on account 20 bu. potatoes @ 40c, 5 baskets peaches @ 48c.

Deposited cash in bank \$90.

[TRANSACTIONS CONTINUED ON PAGE 39.]

[The Left Folio of the Cash Book.]

Oct. 189-

Cash and Bank Dr.

Cash

Bank

4	Day Book, Harvey Patterson	1488 50		
	Cash Deposited		1400	
5	Merchandise sales	37 75		
	H. Emery, on a/c	12 50		
	Cash Deposited		50	
6	Merchandise sales	95 37		
	Myron Jones, on a/c	25		
	Cash Deposited		140	
	Not accounted for	144		
		1660 56	1590	
7	Balances down	1256	1145 77	

NOTES AND BILLS.

Date Recorded.	No.	MAKER	WHOSE FAVOR.	FOR WHAT.	WHERE PAY.
189-					
Oct	7	1 E. C. Martin	Student & Co.	Account	Bank
	10	2 A. R. Kurtz	C. Sherman	Cash	"
		3 M. J. Black	"	"	"
		4 C. L. Lewis	"	"	"
	11	5 Chas Marvin	Student & Co.	Account	"

NOTES AND BILLS.

Date Recorded.	No.	MAKER	WHOSE FAVOR	FOR WHAT	WHERE PAY
189-					
Oct	8	1 Student & Co.	Meade & Morton	Account	
		2 "	Norton & Quinn	"	
	10	3 "	C. Crisman	"	
		4 "	Norton & Quinn	"	
	11	5 "	C. Crisman	"	

[The Right Folio of the Cash Book.]

Oct. 189-

Cash and Bank Cr.

Cash Bank

4	Deposited in Bank	1400	
	Room Rent to Nov. 1, N. O. Pratt		50
5	Sundry Produce	8 50	
	Freight on Inv. G. & P.		10 75
	Deposited in Bank	50	
6	Express on Grapes and Peaches	4	
	Freight on Invoice. M. & M.		7 50
	Student, on a/c	25	
	Sundry Produce	17 50	
	Day Book, Archer & Parton		339 98
	Cleaning Store Room	3	
	Freight on Potatoes		36
	Deposited in Bank	140	
	Balances	12 56	1145 77
		1660 56	1590

RECEIVABLE.

Date	TERM		Years.	WHEN DUE												AMOUNT	Int.	WHEN AND HOW DISPOSED OF
	Mos	Days		1	2	3	4	5	6	7	8	9	10	11	12			
189-																		
Oct 7		10	189-										20			70		
Sept 10		30	"										13			150	6%	Oct. 13 Paid
" 10		60	"											12		200	6%	
" 10	2		"											13		250	6%	
Oct. 11		20	"											3		50		

PAYABLE.

Date	TERM		Years.	WHEN DUE												AMOUNT	Int.	WHEN AND HOW DISPOSED OF
	Mos	Days		1	2	3	4	5	6	7	8	9	10	11	12			
189-																		
Oct. 8		10	189-										21			175		
" 8		5	"										16			22 50		
" 10		20	"											2		62 50		
" 10		5	"										18			28 75		
" 11		15	"										29			125		Oct. 13 Paid



Student

189-				189-			
Oct 6	Cash	7	25	Oct. 4	Day Book	6	1 488 50
8	Day Book	8	9 25	13	1/2 Net Gain		1 01 94
12	" "	10	6 75				
	Cash	9	20				
13	Balance						
			1590 44				1590 44
				Oct. 13	Bal. down		1529 44

H. Emery, 139 Fourth Ave

189-				189-			
Oct. 4	Day Book	6	12 50	Oct. 5	Cash	6	12 50
10	" "	9	1 89	13	Balance		3 35
13	" "	11	1 46				
			3 35				3 35
Oct. 13	Bal. down		3 35				

Archer & Parton, Chicago

189-				189-			
Oct 6	Day Book	7	350 50	Oct. 4	Day Book	6	268 50
8	Cash	7	1 00	5	D.R. 3/10	7	350 50
11	Day Book	8	168 50	10	D.R. 2/20	8	95 20
13	Balance			12	D.B. 5/10	9	120 25
			834 45				834 45
				Oct 13	Bal. down		215 45

8

Sent our note at 10 days for \$175 to Mead & Morton to apply on account.

Bought of O. Sherman on account 2 doz. spring chickens @ \$4; and sold him on account 25 bu. potatoes @ 40c.

Received from Mead and Morton an invoice of groceries amounting to \$76.80, billed on account with an offer of 4 per cent cash discount if paid within 10 days.

Gave a check to the Commercial Railway to pay freight on last invoice \$4.50.

Received from Norton & Quinn on account 40 baskets peaches @ 35c, 30 baskets grapes @ 20c.

Paid cash for express charges on peaches and grapes \$3.90.

Sold Myron Jones on account 2 lbs. Rio coffee @ 20c, $\frac{1}{2}$ gal. syrup @ 60c, 4 lbs. butter @ 16c.

Accepted Norton & Quinn's draft on us at 5 days' sight for the amount of their invoice credited 6th inst., the draft being drawn payable to their own order. [Enter in notes payable, and debit Norton & Quinn in the day book.]

The student has taken sundry groceries on his private account amounting to \$9.25.

Harvey Patterson has drawn out cash per check \$19.50 on his private account.

Sold E. C. Martin 10 baskets peaches @ 45c, 5 baskets grapes @ 28c; receiving cash to apply on same \$4, balance on account.

Sent Archer & Parton our check to apply on old account \$100.

Sold Reed & Young on account 5 baskets peaches @ 45c, 10 baskets grapes @ 28c.

Paid R. Newland cash on account \$10; and bought of him on account 3 bu. sweet potatoes @ \$1.50.

Sold Smith & Lee on account 12 baskets peaches @ 45c, 10 baskets grapes @ 28c; and received cash from them to apply on account \$20.

C. Crisman has drawn on us for \$50 payable at sight, to apply on account, and we have given our check to pay the draft.

Received for cash sales today \$77.60.

Deposited cash in bank \$100.

Cash in drawer tonight \$4.26. Balance in bank, \$1146.77.

10

Sold H. Emery on account 5 lbs. dressed chickens @ 15c, 4 lbs. butter @ 16c, 1 bu. potatoes @ 50c.

Sent our check for \$121.12 to Mead & Morton to pay their invoice credited 6th inst., after deducting the cash discount offered by them. [Day book and cash book.]

Received cash of Charles Trenton to apply on account \$4.

Received from Norton & Quinn on account 50 baskets peaches @ 30c, 50 baskets grapes @ 20c.

Gave check to the Commercial Railway for freight on peaches and grapes \$3.

Sold R. Newland on account 4 baskets peaches @ 50c, 20 lbs. G sugar @ 7c, 5 gal. kerosene @ 16c, 2 gal. vinegar @ 30c. Also paid him cash to apply on account \$4.

Bought of C. Crisman on account 250 bbls. apples @ \$1.50.

Gave check to the Commercial Railway for freight on same \$50.

Paid cash for drayage on the apples \$8.

Sent out note at 20 days for \$62.50 to C. Crisman to apply on account.

Received cash from Henry Carter to apply on account \$15; and sold him on account 10 baskets peaches @ 40c, 15 baskets grapes @ 28c, 10 bbls. apples @ \$2.

Sold Reed & Young on account 15 bbls. apples @ \$2, 15 baskets peaches @ 40c, 20 baskets grapes @ 28c.

Paid cash for sundry produce \$7.50.

Bought three notes of O. Sherman at a discount; one at 30 days for \$150 signed by A. R. Kurtz, one at 60 days for \$200 signed by M. I. Black, one at 2 months for \$250 signed by C. L. Lewis, each note being in favor of O. Sherman, dated Sept. 10th last, payable at our bank, and bearing interest from date at the rate of 6 per cent. Sherman has endorsed these notes to us, and we have given him a check for \$590 to pay for same after discount.

Sold E. C. Martin on account 25 bbls. apples @ \$2, 10 baskets peaches @ 40c.

Received Invoice from Archer & Parton of groceries amounting to \$95.20, billed on account, with an offer of 2 per cent cash discount if paid within 20 days.

Paid cash for freight on last invoice \$2.75.

Accepted Norton & Quinn's draft on us at 5 days' sight for the amount of their invoice credited 7th inst., the draft being in their favor.

Sold Smith & Lee on account 15 bbls. apples @ \$2. Received cash from them to apply on account \$25.

Received for cash sales to-day \$92.27.

Deposited cash in bank \$110.

11

Harvey Patterson has drawn out cash per check \$27.50.

Sent C. Crisman our two notes written in his favor to apply on his account, one at 15 days for \$125, and one at 30 days for \$150, without interest.

Received from Norton & Quinn on account 75 baskets peaches @ 30c, 60 baskets grapes @ 20c.

Paid cash for express on peaches and grapes \$6.50.

Sold Reed & Young on account 15 baskets peaches @ 40c, 10 baskets grapes @ 28c, 5 bbls. apples @ \$2. Received cash from them to apply on account \$25.

Accepted Norton & Quinn's draft on us at 5 days' sight for the amount of their invoice credited 8th inst., the draft being in their favor.

Sold Myron Jones on account 1 lb. Y. H. tea @ 65c, 5 lbs. S. G. starch @ 13c, 10 lbs. A sugar @ 6c, 1 carpet broom @ 35c.

Received cash from Henry Carter to apply on account \$20.

Sold Charles Marvin on account 20 bbls. apples @ \$2, 10 baskets peaches @ 40c. Received his note at 20 days, dated 10th inst., in our favor and payable at our bank, without interest for \$50 to apply on account.

Sold Smith & Lee on account 25 bu. potatoes @ 40c.

Sent our note at 10 days for \$168.50 to Archer & Parton to apply on account.

Sold Charles Trenton on account 1 bu. apples @ \$1, 1 lb. Japan tea @ 70c, 4 doz. eggs @ 15c.

Received invoice from Meade & Morton of groceries bought on account amounting to \$176.75; subject to a cash discount of 3 per cent if paid within 30 days.

Gave check to the Commercial Railway for freight on last invoice \$6.25.

Received cash from O. Sherman to apply on account \$15; and sold him on account 12 bbls. apples at \$2.

The student has taken out groceries on his private account amounting to \$6.75.

Received for cash sales to-day, including paid orders in the order book, \$76.25.

Paid cash for clerk hire \$17.50.

Deposited cash in bank \$100.

12

Sent C. Crisman our check for \$40 to apply on account.

O. Sherman has recently had large losses in business, and we have settled with him at a discount, receiving \$11.05 in cash and discounting the balance. [Credit Sherman with both cash and discount in the day book, and carry cash also to the cash book. Post and balance Sherman's account in the ledger.]

The student has drawn out cash per check \$20.

Sold Charles Marvin 5 bu. apples at \$2, 10 bu. potatoes at 40c; receiving cash \$10, balance on account. [Enter apples and potatoes to his debit in the day book, enter cash only in cash book, and post both to Marvin's account in the ledger.]

Accepted Norton & Quinn's draft on us at 5 days' sight for the amount of their invoice credited 10th inst., the draft being in their favor.

Sold E. C. Martin on account 10 bbls. apples at \$2, 15 bu. potatoes @ 40c; and received of him cash \$25 to apply on account.

Sent our check for \$73.73 to Meade & Morton to pay their invoice credited 8th inst., after deducting the cash discount they offered.

Received cash of Smith & Lee to apply on account \$15.

Sold Myron Jones on account 1 bu. potatoes @ 50c, 3 baskets peaches @ 60c, 1 sack flour @ \$1.65.

Received invoice from Archer & Parton of groceries bought on account amounting to \$120.25, subject to a cash discount of 5 per cent if paid within 10 days.

Paid cash for freight on last invoice \$4.75.

Bought of O. Sherman on account 10 doz. eggs @ 12½c, 90 lbs. butter @ 14c.

Thomas Gage of Albany has drawn on our firm at 20 days after date, the draft being dated the 10th inst., for \$40 due him from Harvey Patterson. The firm has accepted the draft today and charged the same to Patterson's private account.

Received cash from M. Jones to apply on account \$4.

Received for cash sales today \$67.75.

Deposited cash in bank \$125.

13

Received cash from A. R. Kurtz, \$150 in payment of his note and 83c for interest on same to date.

Sold Reed & Young on account 10 bbls. apples @ \$2. Received cash from them to apply on account \$30.

Paid cash for clerk hire to date \$27.75.

Sold H. Emery on account 10 lbs. G sugar @ 7c, 2 cans peaches @ 25c, 2 lbs. bread cakes @ 13c.

Gave a check for \$124.56 to C. Crisman to prepay our note of \$125 in his favor, after receiving a discount equal to 8 per cent interest on the note for the time it had yet to run before maturity.

Received for cash sales today \$52.37.

Deposited cash in bank \$200.

The cash on hand amounts to \$29.03, and the balance in bank amounts to \$625.61.

The inventory of merchandise unsold amounts to \$2537.76. The horse and wagon are worth \$245. The rent unexpired for which we have paid amounts to \$25. Interest to date on the notes of M. I. Black and C. L. Lewis amounts to \$2.48.

All ledger accounts can now be balanced except those of the partners. A statement should be made showing the present worth and net gain of the firm. Each partner's share of the gain should be credited to his account. The partner's accounts should be balanced, and the balances of all the accounts should be brought down after closing, ready for a continuation of the business if it may be required.

PRACTICE IN PARTNERSHIP STATEMENTS.

I.

Jones and Mason commenced business as partners with the following: Jones invested cash \$1,000; other property \$2,000. Mason invested cash \$500, store room \$3,000; and during the year the firm paid a liability of \$500 for him, which by agreement was to reduce his invested capital. At the end of the year their books show the following condition of business:

Ledger.—H. Morton Dr. \$625, Cr. \$325; J. Jones Dr. \$150, Cr. \$450; G. Lee Dr. \$525; M. Stanley Dr. \$300, Cr. \$750; C. Hubert Dr. \$850, Cr. \$250.

Cash Book.—Cash received \$15,750, paid out \$12,250.

Note Book.—Notes receivable received \$2,500, disposed of \$1,850; notes payable issued \$2,700; redeemed \$1,700; value of store room \$3,100.

The partners decide to increase their capital invested by the amount of their net gain. What is each partner's net investment at closing?

II.

Smith & Perkins enter into co-partnership, Smith investing \$3,000, and Perkins investing \$4,000. Each partner is to share in the gain or loss in proportion to his capital invested. At the end of the year their books and inventory show the following results:

[CONTINUED ON PAGE 43.]

Student & Patterson's Statement, Oct. 13, 189-

<u>Resources.</u>				
Ledger	H. Emery	3 35		
	Myron Jones	16 29		
	Chas. Trenton	18 69		
	E. C. Martin	61 15		
	Reed & Young	49 88		
	Smith & Lee	10 87		
	Chas. Marvin	14 67		
	Henry Carter	10 10		
Cash	Cash Balance	29 03		
	Bank Balance	625 61		
Notes	Four Notes Receivable	570		
Inventory	Merchandise	2537 76		
	Horse & Wagon	245		
	Rent Prepaid	25		
	Interest due us	248	4219 88	
<u>Liabilities</u>				
Ledger	O. Sherman	1385		
	Meade & Morton	176 75		
	Archer & Parton	215 45		
	R. Newland	105		
	Norton & Quinn	34 50		
	C. Crisman	60		
Notes	Nine Notes Payable	692 25	1193 85	
	Present Worth		3026 03	
<u>Investment</u>				
	Student's Net Capital	1427 50		
	Patterson's " "	1394 65	2822 15	
	Net Gain		203 88	
<u>Partners' Present Worth</u>				
	Student's Net Capital	1427 50		
	" 1/2 Net Gain	101 94	1529 44	
	Patterson's Net Capital	1394 65		
	" 1/2 Net Gain	101 94	1496 59	
	Present Worth		3026 03	

Ledger.—Personal accounts due the firm \$5,000, of which \$1,000 is worth only 50 cents on every dollar. Personal accounts due from the firm \$3,000.

Cash Book.—Cash on hand \$500.

Bank Book.—Balance of cash in bank, \$3,500.

Note Book.—Notes Receivable unpaid \$2,500, Notes Payable unpaid \$3,000.

Inventory.—Merchandise unsold, \$2,750, store room \$3,500.

During the year Smith has drawn out on his private account \$200, and Perkins has likewise drawn out \$100.

Required the present worth of the firm and of each partner, after allowing the balance of gain not drawn out by each partner to increase his capital stock.

III.

H. Sherwood and M. Parks enter into partnership as real estate and insurance agents. Sherwood makes no investment. Parks invests the office equipments and good will of a business already established and estimated worth \$1150.

Each partner devotes his whole time to the business, and Sherwood is to receive one-third of the profits and Parks two-thirds.

At the end of one year they have cash in bank \$668.10, their office outfit and the good will of the business are now worth \$1575. James Parton owes the firm on account \$112.50.

The firm owes Caleb Martin on account \$75, Cyrus Clement on account \$57.50, Myron Newman on account \$27.50, and the College Insurance Co. on account \$95.60.

During the year Sherwood has drawn out \$650, and Parks has drawn out \$950. What is each partner's present worth after the gains have been credited?

QUESTIONS FOR REVIEW.

1. What opening entry should be made in a partnership business? 2. How should partner's investments be recorded? 3. What record should be made of balances of accounts invested? 4. If a cash transaction is part of a day book entry, how should it be entered in the cash book to avoid repetition in the ledger? 5. How may cash and bank accounts be kept separately in the cash book? 6. What record should be made in the cash book, to show an excess or a shortage of cash on hand? 7. What record is made of a discount, if it is allowed on a cash payment to apply on account? 8. How may discount offers from wholesale merchants be shown in the ledger? 9. How is the maturity of a note found? 10. What is the effect of accepting a draft. 11. What date on an accepted draft is used in estimating its maturity? 12. Where should notes and acceptances be recorded, when given to apply on account? 13. What record is made in the books of the gain or loss of each partner?

DEBITS AND CREDITS.

Every transaction in business will make equal debits and credits, if all accounts are kept that are affected by the transaction. There may be one or more debit amounts, and likewise one or more credit amounts, but in every case the total of the debits will equal the total of the credits.

GENERAL RULE FOR DEBIT AND CREDIT.

Debit the account that costs or receives value; credit the account that produces or gives value.

In every possible transaction we will find some person receiving, or some department of our business costing value; and some person giving, or some department of our business producing value.

Thus, if I buy merchandise of a firm on account, the merchandise costs value, and the firm gives value. If I sell merchandise to a firm on account, the firm receives value, and the merchandise produces value.

If I pay cash for merchandise, the merchandise costs value, and cash, representing the cash drawer or safe, gives value. If I sell merchandise for cash, the cash receives value, and the merchandise produces value.

If I receive cash from a firm on account, cash, representing the cash drawer, receives value, and the firm gives value. If I pay a firm cash on account, the firm receives value, and cash, representing the cash drawer, gives value.

Thus we might analyze every possible transaction, showing that there is one account receiving or costing value, and another account giving or producing value.

There are transactions that affect more than two accounts. If I sell merchandise to a firm and receive cash for a part of the price and their verbal promise to pay the balance at another time, cash receives a value and the firm also receives a value; and merchandise produces the two values.

If I buy merchandise of a firm and pay them cash for a part of the purchase and owe them for the balance, merchandise costs the entire amount; while cash gives a part of the value and the firm gives the balance.

In every transaction in which one or more accounts receive or cost value and are debited, and in which one or more accounts give value and are credited, it will be seen that the sum of the debit values must equal the sum of the credit values.

Double Entry bookkeeping keeps every debit and credit that is related to the business; while Single Entry bookkeeping keeps only a part of these debits and credits, and omits the others.

It will appear, therefore, that if we desire a complete showing of all results connected with the business, we must use the Double Entry System.

SPECIAL RULES FOR DEBIT AND CREDIT.

All debits and credits may be determined by applying the general rule already given, yet it will assist the young accountant, if we give him a number of special rules, each of which relates to a distinct variety of transactions.

1. *Persons or Corporations* should be debited for what they owe us, or what they receive from us on account; and credited for what we owe them, or what we receive from them on account.

Personal accounts include accounts kept with individuals, companies, banks and all corporate institutions that are legally competent to make contracts and transact business. A personal account, if not in balance, shows a resource or a liability.

2. *Cash* account should be debited for all cash, or papers equivalent to cash, received; and credited for all cash, or papers equivalent to cash, paid out.

Cash represents money, or its equivalent, and includes specie, currency, bank checks, bank drafts, certificates of deposit, postoffice orders, express orders, and all drafts and orders on other firms payable at sight or on demand. If such papers as the last two named are entered as cash received, they will be counted among the items of cash on hand, and if we find that they are not collectible at once, we can afterward enter them to the credit of Cash, and debit Bills Receivable account for their amount.

Demand notes and due bills payable on demand are not usually classed as cash; because they are not practically collectible at once, although they are so written. If the maker of a demand note or due bill expected to pay it at once, he would pay cash or write a check instead of giving the note or due bill. These papers are properly time papers, and should be classed as bills receivable.

The creditor side of Cash can never properly be larger than the debtor side. Unless the account balances, the debtor side should be in excess, showing a resource just equal to the amount on hand and in bank.

If we keep a bank account separate from the cash account, the bank should be debited for all sums deposited; and credited for all checks drawn on the bank.

3. *Bills Receivable* should be debited for all promissory notes and written promises of others, when received, and credited for the same when disposed of.

Bills Receivable include notes, due bills, time drafts on other firms payable to us, and any other paper that contains a written promise to pay us at some future time.

If we draw a time draft on a firm, and sell the draft, we cannot credit Bills Receivable, for the reason that we must credit the firm whose account has given us the value. Hence, we can make this rule, that no paper can be credited to Bills Receivable, unless it has previously been debited to that title.

We must debit and credit the face value, no matter how much we give or receive for the paper; the discrepancy, if any, being carried to some other title.

If Bills Receivable account does not balance, the excess, which must be on the debtor side, will show a resource. The value of the resource will depend upon the responsibility of the makers and endorsers of the bills which we still hold.

4. *Bills Payable* should be debited for the face value of our notes and written promises to others, when we pay them; and credited for the face value of our notes and written promises to others, when we issue them.

When we pay a firm's draft on us at once, instead of accepting it, we debit the firm who drew on us and credit Cash. When we accept a draft instead of paying it at once, we debit the firm who drew on us and credit Bills Payable.

If Bills Payable account does not balance the excess, which must be on the creditor side, will show a liability; this amount showing our written obligations outstanding.

5. *The Proprietor, or Partner*, should be debited for any liabilities assumed by the business for him, and for any money or property taken from the business by him; and credited for any money or property received by the business from him.

Early bookkeepers used the title Stock to represent a single proprietor's investment account, but modern bookkeepers have discarded the use of this title, except in the business of a joint stock company; where it is used to represent the aggregate capital of the corporation.

6. *Merchandise*, or some other property title, should be debited for the cost of all movable or personal property, or its worth when invested; and credited for all amounts realized from such property.

The title Merchandise generally includes all goods and wares that are bought and sold in trade; although some merchants desire accounts that will show the loss or gain of special varieties of merchandise. In such cases, special titles will be used; as Grain, Pork, Live Stock, Coal, Wood, etc.

Freight and drayage, if paid entirely for merchandise, or any other outlay of money directly in purchasing merchandise or in preparing it for sale, should be debited to this account.

If the merchandise is all sold, an excess of the creditor side of each of these accounts will show a profit, while an excess of the debtor side will show a loss.

If part of the merchandise remains unsold, an inventory of its present value must be added to the credit of the proper account, before the profit or loss can be determined. The value of this inventory is also classed as a resource.

7. *Real Estate* should be debited for the cost of all fixed property, such as, buildings, town lots and lands, or their value when invested; and credited for all amounts realized from such property.

Repairs, taxes, insurance, etc., should be debited to Real Estate as part of the cost.

Property owners sometimes wish to know the profit that comes from special pieces of property. In such case, they designate the property by special titles; as, Elevator A, Elevator B, Store Room No. 1, Dwelling 39 Fourth Ave. If the special title does not fully locate the property, its location should be described in explanation at the right of the ledger title, so that a stranger might understand the books if it were necessary.

As real estate is only a variety of property accounts, it requires an inventory, and shows a profit, loss, and resource, in the same way that Merchandise does.

8. *Stocks* should be debited for their cost or for any assessments we may have to pay while a stockholder; and credited for values received from them, either in sales or dividends.

The term Stocks includes shares in joint stock companies, and bonds issued by Government, State, County, Township, City, and by railroad and manufacturing corporations.

The accountant keeps a separate ledger account with each variety of stocks that comes into his possession, naming them after the corporation to which they belong; as, U. P. Stocks, meaning shares or bonds issued by the Union Pacific Railway; B. C. R. Stocks, meaning shares or bonds issued by the Business College Railway.

Stocks being a variety of property accounts, must be credited with the value of stocks unsold, the profit, loss, and resource being found as in Merchandise.

9. *Shipment* accounts, if kept, should be debited for the cost and charges of all merchandise sent by us for sale on our account; and credited for all amounts received from such sales.

The shipment account is used when we desire to keep a special account of the gain or loss resulting from a shipment of merchandise sent to a commission merchant for sale on our risk.

Many merchants do not keep a shipment account, merely making a memorandum of the merchandise shipped, and carrying out no debits or credits, except for freight or other expenses until the shipment is sold, when they credit merchandise account with the amount realized from the sale. In such a case, freight and other expenses of the shipment should be debited to merchandise account.

If we keep a merchandise account, we should debit it for all expenses of the shipment.

Shipments made to different agents, are each kept under a different ledger title; and sometimes, each distinct shipment to the same agent is given a separate account, so that the merchant may know the exact gain or loss on any particular venture.

Examples of these ledger titles: Shipment to Stacy & Wentworth, Shipment to Morey & Lane, No. 1, etc.

All shipment accounts are like merchandise, and should be credited with any values per inventory, these values being resources; after which, the accounts will show a gain or loss, unless the sides balance.

10. *Expense* should be debited for all outlays in conducting the business, that cannot be debited directly to other accounts; and credited for all values returned directly from these outlays.

Expense usually includes outlays for rent, salaries, books and stationery for office use, postage, fuel, light, office furniture, advertising, traveling expenses, etc.

Sometimes the item paid for and debited to Expense, is afterward sold or disposed of in such a way as to return some value to us; as, the selling of second hand office furniture, or of postage stamps and stationery that have been bought for office use and debited to Expense. In such case, Expense should have credit for the amount received.

An inventory is often necessary in Expense account, before the actual gain or loss on this account can be determined. A merchant may prepay his rent for six months and only three months of the time may have expired when he closes the account. Rent prepaid and unexpired should be entered as an inventory to the credit of Expense account.

In like manner, rent or salaries due, but unpaid, should be entered as inventories to the debit of Expense. The inventory named in the preceding paragraph is a resource, and the last named inventory is a liability, and the excess of the debit side of Expense account shows a loss.

11. *Interest and Discount* should be debited for all interest paid or assumed by us and all discount allowed to others by us; and credited for all interest received by us and all discounts allowed by others to us.

Interest is the amount allowed the lender for the use of money. Discount is the deduction allowed from any given amount.

Some accountants separate these into two titles. Premium or Exchange is another title like the above, and it is used by some to represent the amount in excess of the face value that is paid in the purchase of drafts.

Interest payable due but unpaid should be entered as an inventory to the debit of Interest and Discount, and interest receivable due but unpaid should be entered as an inventory to the credit of this account, after which the account, if not in balance, will show a gain or loss. Interest payable inventory will be a liability, and interest receivable inventory will be a resource.

12. *Loss and Gain* should be debited for all losses that cannot be debited to other titles; and credited for all gains that cannot be credited to other titles.

All of the ledger accounts, whose differences show a gain or loss at closing, are balanced, and these differences are carried to an account entitled "Loss and Gain Closing," to distinguish it from the regular loss and gain account.

In this closing account, the losses carried from other accounts are entered as debits; and the gains as credits. The balancing entry of this account will show a net loss to the business if the debits are the larger, or a net gain if the credits are the larger.

Other titles than those given may be used as they may be required in any particular business, but the debits and credits of such titles will conform to the general law already given; *Debit what costs; credit what produces value.*

METHODS OF BOOKKEEPING.

The principles of debit and credit are recognized by all Double Entry bookkeepers; but their methods of recording the entries are various, each business developing a system adapted to its special requirements.

The complete routine of bookkeeping consists of making the historical entries, determining the debits and credits, and posting each debit and credit under its appropriate title.

In the simpler methods of Double Entry three books are used, the Day Book, Journal, and Ledger.

THE DAY BOOK.

The Day Book contains a complete record of every transaction and agreement, entered in consecutive order as they occur. It differs from the Single Entry day book in two respects; namely, it gives a historical record of each transaction without naming the debits or credits, and it records every transaction, whether for cash or other terms.

Every transaction carried out, and every agreement relating to the business, should be carefully described; thus making the book a complete and reliable history of the business, recorded in historical order. The first entry should contain the location of the business, the proprietor's name, and an account of his investment. The date should be given at the top of each page, and if the date changes before the page is completed, the new date should be written in the center of the page, leaving the column at the left for check marks.

The first set of money columns are only used when there are several items in a transaction, totals or single amounts being carried to the second set of money columns. The footing of

this second set of columns, being forwarded to each new page, will finally give the total amount of the business transactions for the period represented.

All sales should be itemized except retail sales for cash, so that a duplicate bill of the items may be given when required. All purchases from other firms should be itemized, unless a bill of purchase, an invoice, is received. In the latter case, the invoice can be filed away and the entry can designate "Merchandise per invoice."

THE JOURNAL.

The Journal is an intermediate book of entry in which we name the ledger titles that are affected by the transactions recorded in the day book. The debit and credit amounts are kept distinct by using separate columns for each, and the titles are usually kept distinct by writing the debit titles in the left half of the wide column and the credit titles in the right half of the same column.

The process of transferring entries from the day book to the journal is called journalizing.

When a record is transferred from the day book to the journal, a check mark is made on the left margin of the day book entry, so that the bookkeeper may know what entries have been journalized.

Since the ledger titles are the names of persons, or of accounts represented as persons, they should always be written as proper names; hence, ledger titles written in the journal should begin with capitals.

As journal paper is ordinarily ruled, the column to the left of the wide space is used for recording the ledger pages as postmarks, when the entries are posted to the ledger; the wide space is used for recording the ledger titles that are affected by the transaction, the left half of the space being reserved for debits, and the right half for credits; the left of the two sets of money columns is used for debit amounts, and the right of the two sets is used for credit amounts.

The date is kept at the top of the page, and a change of date on any page is recorded between the entries in the space for titles, as in the day book.

A journal entry complete consists of the date of the transaction either expressed or bearing the date last given, the debit and credit titles affected by the transaction, and the amount of each debit and credit. This entry may be made at any time after the transaction, but it should bear the date of the original entry.

As the debit and credit amounts in each transaction are equal, it follows, that the debit and credit columns of the journal must have equal footings, each of which must agree with the footings of the day book, if all entries have been journalized.

THE LEDGER.

The Ledger is the book of results, containing every debit and credit of the business, properly classified and summed up.

Each title recorded in the journal has a separate page or part of a page in the ledger. If the title is debtor in the journal, its amount should be written under the same title in the ledger, on the left or Dr. side. If the title is creditor in the journal, its amount should be written under the same title in the ledger, on the right or Cr. side. The page of the journal from which the entry is posted, is written in the folio column of the ledger.

The explanation column in the ledger is not used by practical bookkeepers, except in systems of bookkeeping in which the ledger is posted from two or more books, in which case the name of the book from which the entry is posted, will appear in the explanation column. If it is desired to keep a record of the term of payment of a sale or purchase, the same can be entered in the explanation column, as illustrated in account of H. P. Smith on page 54.

The ledger may be posted at any time, but each entry should bear the date of the original transaction, as shown in day book and journal.

To avoid the tendency to reverse debits and credits, it would be well for the student to follow the custom of many practical accountants; namely, posting all debit entries in the journal on the dates to be posted, before posting any of the credit entries, as the repeated change from debit to credit, or the reverse, makes an occasional reversed entry possible and highly probable.

Since the journal contains equal debits and credits, and since the debits in the journal are posted as debits in the ledger, and the credits in the journal are posted as credits in the ledger, it follows, that all the debits in the ledger will make a sum equal to all the credits in the ledger. When this is found to be true, the ledger is said to be *in balance*. If the total of all the debits in the ledger is not equal to the total of all the credits, the ledger is said to be *out of balance*. The ledger is proven to be in balance by means of the proof sheet.

THE PROOF SHEET.

The Proof Sheet, often called a Trial Balance, is a list of the ledger titles with the totals of the debits and credits of each. The debits and credits on the proof sheet are arranged in columns, so that the total debits and credits may be obtained.

Before taking a proof sheet, it is customary to add up the debits and credits of each ledger account, and place the footings in small pencil figures under each column. These proof footings may be kept in the ledger permanently, by recording them in small red ink figures, which will not interfere with other entries in the columns.

If the totals of the debits and credits of each ledger account are carried to the proof sheet, the total of the debit column of the proof will equal the total of the credit column, and each will be the same as the journal and day book footings. In business it is customary to close accounts that are in balance, and leave such accounts out of the proof sheet. In such case the proof sheet would be in balance, but the totals of the proof sheet would not equal the totals of the journal and day book.

Frequently, the ledger is tested by taking a list of the balances or excesses of each account. Such a list is properly called a Trial Balance, as it is a trial of the balances of the ledger accounts, and, if the ledger is correct, the total of the debit balances will equal the total of the credit balances.

EXERCISES FOR PRACTICE.

The following exercises are provided to give the student practice in day book entries, journalizing, posting to the ledger and taking proof sheets. The process of closing the ledger will be illustrated later in the text, as it is not the author's desire to confuse the student by introducing too many new subjects at one time.

EXERCISE ONE.

DIRECTIONS.

The student will record the following transactions in the day book, giving the total of the amount column. After journalizing all of the transactions, the amounts of the debit and credit columns should each agree with the amount of the day book column. After posting all journal entries to the ledger, the proof sheet should show the ledger in balance, and the debit and credit footings of the proof sheet should each be equal to the journal and day book footings.

The student will have ledger accounts, requiring space as follows: Cash 13 lines, Student 6 lines, Merchandise 16 lines, H. P. Smith 6 lines, J. Mason 6 lines, Expense 9 lines, H. Judson 6 lines, and B. Spencely 6 lines. The spaces just named will allow for the closing entries that will be required later.

Following B. Spencely's account at least a half page of space in the ledger should be reserved for the closing titles, before entering the accounts belonging to Exercise Two.

After taking a proof sheet, the student will leave the ledger accounts open, until he has studied the process of closing the ledger, which will be given after three exercises have been posted to the ledger.

In the following transactions reference will be made to the rules for journalizing given on preceding pages. Model entries in the day book, journal and ledger will be found on pages 51 to 55.

The check marks are not made in the left column of the day book when the day book entries are first written, but are made when the entries are journalized.

The figures in the folio column of the journal are not made until the journal entries have been posted to the ledger.

The first page of the ledger represents the method of ruling that we would advise the student to employ, when he has several titles on a page of the ledger.

Merchandise account on page 53 illustrates the method of forwarding an account to another page, and Merchandise Forward, on page 54, illustrates such an account forwarded.

TRANSACTIONS.

NOVEMBER 1, 189--

The student began business this day with cash \$800. [Rules 2 and 5.]

Bought merchandise of H. P. Smith, Chicago, on account, receiving an invoice for the same amounting to \$279.50. [Rules 6 and 1.]

When an invoice accompanies a purchase on account, it is not necessary to give a list of the items in the day book.

Paid cash for freight and drayage on merchandise \$9.75. [Rules 6 and 2.]

Bought merchandise of J. Mason on account, receiving an invoice of the same amounting to \$30. [Rules 6 and 1.]

Paid cash for store rent one month \$15. [Rules 10 and 2.]

Sold H. Judson on account 10 lbs. Rio coffee @ 21c, 25 lbs. A sugar @ 5c, 1 lb. black tea @ 50c, 2 gallons syrup @ 55c. [Rules 1 and 6.]

Sales on account should be itemized in the day book entry.

Received cash for sundry sales of merchandise \$7.50. [Rules 2 and 6.]

2

Sold B. Spencely on account 5 lbs. S. G. Starch @ 8c, 10 lbs. Rio coffee @ 21c, 80 lbs. C sugar @ 4½c. [Rules 1 and 6.]

Bought of B. Spencely on account 24 lbs. butter @ 20c. [Rules 6 and 1.]

Purchases on account should be itemized in the day book, unless an invoice accompanies the purchase.

Received cash for sundry sales \$12.75. [Rules 2 and 6.]

Paid cash for advertising \$3.75. [Rules 10 and 2.]

3

The student has drawn out cash \$25. [Rules 5 and 2.]

Received cash for sales this day \$28.55. [Rules 2 and 6.]

5

Sent H. P. Smith cash per draft to apply on account \$150. [Rules 1 and 2.]

Paid cash for exchange on above draft 25c. [Rules 10 and 2.]

Received cash for sundry sales \$25.50. [Rules 2 and 6.]

6

Sold B. Spencely on account 10 lbs. Rice @ 8c, 2 lbs. Japan tea @ 75c, 30 lbs. A sugar @ 5c, 3 sacks flour @ \$1.20. [Rules 1 and 6.]

Paid cash for cleaning store room \$3. [Rules 10 and 2.]

Received cash for sundry sales \$19.85. [Rules 2 and 6.]

7

Paid J. Mason cash on account \$25. [Rules 1 and 2.]

Sold H. Judson on account 5 lbs. prunes @ 12c, 2 lbs. cheese @ 16c, 25 lbs. G Sugar @ 5½c, 1 sack flour \$1.20. [Rules 1 and 6.]

Received cash for sundry sales \$22.75. [Rules 2 and 6.]

College City, Nov. 1, 189-

✓	The Student began business today with cash				8 00
✓	Bot. of H. P. Smith, Chicago, Mdse. per Inv. 1, on a/c				279 50
✓	Paid cash for freight and drayage				9 75
✓	Bot. of J. Mason, on a/c Mdse. per Inv. 2				30
✓	Paid cash for Store Rent 1 mo.				15
✓	Sold H. Judson, on a/c				
	10 lbs. Rio Coffee	.21	2 10		
	25 " G Sugar	.05	1 25		
	1 " Black Tea		50		
	2 gal. Syrup	.55	1 10		4 95
✓	Received for cash sales				7 50
	2				
✓	Sold B. Spencely, on a/c				
	5 lbs. S. G. Starch	.08	40		
	10 " Rio Coffee	.21	2 10		
	80 " C. Sugar	.04½	3 60		6 10
✓	Bot. of B. Spencely, on a/c				
	24 lbs. Butter	20			4 80
✓	Received for cash sales				12 75
✓	Paid cash for advertising				3 75
	3				
✓	The Student has drawn out cash				25
	Amount Forward				1199 10

College City, Nov. 1, 189-

1	Cash		8 00		
1		Student		8 00	
1	Mdse.		279 50		
2		H. P. Smith		279 50	
1	Mdse.		97 5		
1		Cash		97 5	
1	Mdse.		30		
2		J. Mason		30	
2	Expense		1 5		
1		Cash		1 5	
2	H. Judson		49 5		
1		Mdse.		49 5	
1	Cash		7 50		
1		Mdse.		7 50	
2		2			
2	B. Spencely		6 10		
1		Mdse.		6 10	
1	Mdse.		4 80		
2		B. Spencely		4 80	
1	Cash		12 75		
1		Mdse		12 75	
2	Expense		3 75		
1		Cash		3 75	
1		3			
1	Student		25		
		Cash		25	
		Amount Forward	1199 10	1199 10	

189-				189-			
Nov.	3	1	25	Nov.	1	1	800
				<i>Cash</i>			
189-				189-			
Nov.	1	1	800	Nov.	1	1	975
		1	750			1	15
2		1	1275	2		1	375
3		1	2855	3		1	25
5		2	2550	5		2	150
6		2	1985			2	25
7		2	2275	6		2	3
				7		2	25
				<i>Merchandise</i>			
189-				189-			
Nov.	1	1	27950	Nov.		1	495
		1	975			1	750
		1	30	2		1	610
2		1	480			1	1275
				3		1	2855
				5		2	2550
Forward page	2	32405		Forward page	2	8535	

Merchandise Forward.

189-				189-			
Nov.	5	Ford. from page	1	Nov.	5	Ford. from page	1
			324 05		6		2
							7 40
							2
					7		1985
							2
							350
							2
							2275

H. P. Smith, Chicago

187-				189-			
Nov.	5		2	Nov.	1	Inv. 30 days	1
			150				27950

J. Mason

189-				189-			
Nov.	7	2	25	Nov	1	1	30

Expense

189-				189-			
Nov.	1		1	15			
	2		1	375			
	5		2	25			
	6		2	3			

H. Judson

189-									
Nov.	1		1	495					
	7		2	350					

B. Spencely

189-				189-					
Nov.	2		610	Nov.	2		1	480	
	6		740						

Proof Sheet - Exercise One.

1	Student	25	800
1	Cash	916 90	231 75
1	Merchandise	324 05	138 85
2	H. P. Smith	150	279 50
2	J. Mason	25	30
2	Expense	22	:
2	H. Judson	8 45	
3	B. Spencely	1350	480
Total, equal to Journal		1484 90	1484 90

EXERCISE TWO.**DIRECTIONS.**

The following transactions should be entered in the day book, journal and ledger, and after taking a proof sheet of the ledger, the accounts should be left open until the order of closing the ledger has been studied, after which the accounts should be closed.

Sometimes a business transaction will have one debit and several credits or several debits and one credit, or several each of debits and credits.

Transaction number twelve below requires one debit and three credits arranged in the journal as follows:

(Compound Journal Entry for Transaction Twelve.)

	<i>Merch.</i>		<i>1100</i>		
	<i>Cash</i>				<i>100</i>
	<i>Quick & Sharp</i>				<i>275</i>
	<i>Henry Grant</i>				<i>725</i>

It will be observed that the sum of the three credits in above entry is equal to the one debit.

In Exercise Three a journal entry will be given, having two debits and one credit.

The ledger for Exercise Two should begin on page 4 of the blank book, allowing the first 3 pages for ledger accounts and closing entries of Exercise One. The ledger accounts of Exercise Two will require the following space, which will allow for the closing entries: Cash 13 lines, J. Sherman 5 lines, Merchandise 10 lines, T. Trenton 7 lines, Quick & Sharp 7 lines, Henry Grant 4 lines, Shipment to Denver 6 lines.

The transactions are given by number, and the numbers may be entered in place of dates.

We have introduced two shipments of merchandise in the transactions, to illustrate the two methods of recording shipments. In transaction 6 we make a shipment to Quick & Sharp, our regular firm, to whom we make frequent shipments. We do not care for a special account showing the gain on each shipment made to this firm, merely considering the wheat shipped to them as our merchandise until it is reported sold.

The shipment of butter and cheese in transaction 13, requires a special ledger title, as we desire to know the result of this shipment.

Reference will not be made to the rules for journalizing in the following transactions, except when new titles are introduced.

The student should post this ledger on loose paper and close the accounts after studying the rules for closing ledger on pages 62 and 63. When he has learned to close the ledger properly he can copy the accounts in his ledger blank.

TRANSACTIONS.

Commenced business without capital.

1. Borrowed cash of J. Sherman on account \$650.
2. Paid cash for fifteen loads of wheat, 450 bu. @ 90c.
3. Bought of T. Trenton on account 75 bu. wheat @ 91c.
4. Paid cash for screening wheat \$1.50. [Rules 6 and 2.]
5. Sold the screenings for cash \$2.25.
6. Shipped 520 bu. wheat to Quick & Sharp, commission merchants, to sell on my account and risk.

Only a memorandum of transaction 6 is necessary.

7. Paid cash for freight on the wheat shipped in transaction 6, \$49.50.

All outlays made for this shipment should be debited to Merchandise, which should also be credited for the proceeds of the wheat when reported sold.

8. Paid T. Trenton cash on account \$25.

9. Quick & Sharp report that they have sold my wheat and have given me credit for the proceeds, \$579.50.

10. Drew a sight draft on Quick & Sharp for \$250, and sold the draft for cash.

When we draw a draft on a firm, we should give the firm credit for the amount of the draft.

11. Paid cash to J. Sherman to apply on account \$275.

12. Bought an invoice of butter and cheese of Henry Grant, amounting to \$1100; paying cash \$100, giving my sight draft on Quick & Sharp for \$275, and leaving the balance to the credit of Henry Grant. [Rules 6, 2 and 1.]

13. Shipped the butter and cheese, invoiced at \$1100, to Rogers & Co., Denver, Col., to sell on my account and risk. [Rules 9 and 6.]

Debit Shipment to Denver, credit Merchandise.

14. Borrowed cash of T. Trenton on account \$100.

15. Paid cash for freight on the shipment to Denver \$133.75. [Rules 9 and 2]

16. Drew on Quick & Sharp at sight for \$54.50, giving the draft to T. Trenton to apply on his account.

17. Received a bank draft from Rogers & Co. for \$1475.50, net proceeds of our shipment made in Transaction 13. [Rules 2 and 9]

18. Paid cash to J. Sherman for the balance of his account \$375.

19. Paid cash to T. Trenton in full of his account \$88.75.

20. Paid cash to Henry Grant in full of his account \$725.

PROOF SHEET.

We give the proof sheet of Exercise Two in two forms, the first giving the totals of all ledger accounts and showing total debits and credits equal to the journal footings, the second omitting all accounts that are in balance and showing the remaining debits and credits equal.

FIRST FORM.

Cash	2477 75	2178 50
J. Sherman	650	650
Merchandise	1624 25	1681 75
T. Trenton	168 25	168 25
Quick & Sharp	579 50	579 50
Henry Grant	725	725
Shipment to Denver	1233 75	1475 50
Totals, same as Journal	7458 50	7458 50

SECOND FORM.

Cash	2477 75	2178 50
Merchandise	1624 25	1681 75
Shipment to Denver	1233 75	1475 50
	5335 75	5335 75

EXERCISE THREE.

DIRECTIONS.

In the following exercise the student will use as titles of property accounts, Real Estate and B. C. R. Stocks. The College Bank should be debited for all deposits, and credited for all checks drawn.

The transactions should be recorded in day book, journal, and ledger, and a proof sheet should be taken as in former exercise, leaving the ledger unclosed.

Transaction number twelve below, requires two debits and one credit arranged in the journal as follows:

(Compound Journal Entry for Transaction Twelve.)

Cash	4000	
Bills Rec.	1500	
	Real Estate	5500

It will be observed that the sum of the two debits in above entry is equal to the one credit.

A page, or at least a half page, of the ledger should be reserved for the closing entries of Exercise Two, before opening any accounts of Exercise Three.

The ledger accounts in this exercise should be spaced as follows, to allow for the closing entries that will be required later in the text: Cash 12 lines, J. Martin 4 lines, Bills Payable 6 lines, College Bank 8 lines, Real Estate 8 lines, B. C. R. Stock 8 lines, Bills Receivable 3 lines.

This ledger should also be posted on loose paper and the accounts should be closed properly before any of the accounts are written in the ledger blank.

TRANSACTIONS.

1. Borrowed cash of James Martin on account \$1850.
2. Borrowed cash of H. C. Sumner, on my note at 60 days in his favor \$1750. [Rules 2 and 4.]
3. Deposited cash in the College Bank \$3000.
4. Bought a store room and business lot of R. E. Gainor for \$5000, giving in payment my check on the College Bank for \$2500, and my note at 30 days in his favor for \$2500. [Rules 7, 1 and 4.]

When we keep a bank account, the bank should be credited, instead of Cash, for checks issued.

5. Paid cash for repairs on the store room \$155. [Rules 7 and 2.]
6. Bought 10 shares B. C. R. Stock for \$825, giving my check on the College Bank for \$425, and cash for the balance. [Rules 8, 1 and 2.]
7. Received cash for one month's rent of store room \$37.50. [Rules 2 and 7.]
8. Paid cash for taxes on store room and lot \$59.75. [Rules 7 and 2.]
9. Received cash for a dividend on my B. C. R. Stock \$35. [Rules 2 and 8.]
10. Sold 2 shares of my B. C. R. Stock for cash \$182.50. [Rules 2 and 8.]
11. Deposited cash in the College Bank \$200.
12. Sold my store room and business lot to C. C. Mayne for \$5500, receiving cash \$4000 and his note at 30 days in my favor for \$1500. [Rules 2, 3, and 7.]
13. Paid cash for an assessment on my B. C. R. Stock \$40. [Rules 8 and 2.]
14. Deposited cash in the College Bank \$3800.
15. Gave my check on the College Bank to R. E. Gainor for \$2500, to pay the note I gave him in Transaction 4.
16. Gave my check on the College Bank for \$950 to H. C. Sumner, and my remaining 8 shares of B. C. R. Stock estimated at \$800, to pay my note given him in Transaction 2. [Rules 4, 1, and 8.]
17. Gave James Martin my check on the College Bank for \$350, and C. C. Mayne's note for \$1500, received in Transaction 12, to pay for the money I borrowed in Transaction 1. [Rules 1 and 3.]

PROOF SHEET.

We give the proof sheet of Exercise Three in two forms, the same as explained in Exercise Two. The footings of first form will be the same as the journal.

FIRST FORM.

Cash	7855	7654	75
J. Martin	1850	1850	
Bills Pay.	4250	4250	
College Bank	7000	6725	
Real Estate	5214	5537	50
B. C. R. Stock	865	1017	50
Bills Rec.	1500	1500	
	28534	28534	75

SECOND FORM.

Cash	7855	7654	75
College Bank	7000	6725	
Real Estate	5214	5537	50
B. C. R. Stock	865	1017	50
	20934	20934	75

Opening, Proving, and Closing Books.

Expert accountants are in constant demand in commercial centers, because a large number of young accountants, who may succeed fairly well in ordinary routine bookkeeping, are not fully trained in three important and essential topics pertaining to the subject; namely, opening a new set of account books, tracing errors in posting and putting ledgers in balance, and closing old ledgers for filing away and forwarding balances to new ledgers.

In the present chapter we shall treat these three topics briefly, not with the expectation of making experts of all who may study, but of giving the thoughtful student such suggestions as will prepare him to open, prove, and close any ordinary set of books, intelligently and correctly.

OPENING A SET OF BOOKS.

If the accountant is about to open a new set of books, he should first make a statement of the resources and liabilities that are to be carried into the business represented. These resources and liabilities include all inventories of property and of claims in favor of the proprietor or against him. After the statement is completed, each item among the resources is debited to its appropriate title, and each item among the liabilities is credited to its appropriate title, the excess of the debits over the credits being credited to the proprietor's account, showing his net capital, or the excess of the credits over the debits being debited to the proprietor's account, showing his net insolvency. These debits and credits having been entered in the journal, the entries can be posted to the ledger, and the books are open, ready for the record of new transactions.

The process of changing from single to double entry is identical with the above. Double entry merely adds to the single entry ledger accounts, using ledger titles to represent notes receivable, notes payable, cash, and the necessary property and incidental accounts, and the proprietor's account with the business.

The nature of the business and the information desired relative to it, must guide the accountant in choosing ledger titles to represent the various property and incidental accounts.

Thus, one merchant may debit all outlays for freight and drayage to Merchandise, and another, who wants to know the amount of his freight annually, may debit them to Freight.

One merchant may keep an account with Fuel and Lights, and an account with Salaries; while another merchant would class them all as Expense.

Thus we might enumerate an almost endless variety of ways in which these representative accounts are kept; but this general principle holds good, that a debit to any of this class of accounts shows an outlay, and the excess of any of these debits shows a loss; while a credit to any of these, shows that amount received, and an excess of credits shows a gain.

PROVING THE LEDGER.

In mercantile bookkeeping the ledger should be proven in balance a least once a month. In bank bookkeeping a proof of the ledger is taken daily. This proof consists of the footings of each ledger account, or a proof of the differences between the sides of each ledger account. The latter form is properly named a trial balance, because it is a trial of the balances of the several accounts. The student can readily see that the debit balances should foot up the same as the credit balances.

Thus, if a ledger account stands Dr. \$1,000, and Cr. \$1,000, it follows that we can drop this name from the proof, and the remaining totals will still be equal. If an account stands Dr. \$1,000, and Cr. \$500, we can drop the \$500 common to both sides, and merely take into account the excess of \$500 on the Dr. side.

In this way we can continue to drop equal amounts from each side of the proof, until we have left only the balances or excesses, which must, from the nature of the case, be in balance, if our work is correct.

If the proof sheet or trial balance is not in balance, we know at once, that either our ledger is out of balance, or else our additions in making the proof are incorrect. Unless we are usually reliable in our additions, it would be advisable to go over them a second time and prove them correct. [In proving additions, always add the columns in reverse order from that of the first addition.]

If the additions prove correct, and the proof is still out of balance, the student should find the difference between the total debits and the total credits on the proof, and, if there is an entry equal to this difference, he should see if it has been omitted; or, if there is an entry equal to half this difference, he should see if it has not been entered on the wrong side of an account; or, if the difference is divisible by 9, he should look especially for some number reversed in posting; as, 92 for 29, or 37 for 73, etc. It is a law of numbers, that any set of figures reversed will make an error divisible by 9; as 92 for 29 makes an error of 63, which is 7 times 9; 75 for 57 makes an error of 18, which is twice 9.

If the mistake is merely 1 in any column; as 1 cent, 10 cents, \$1, \$10, \$100, \$1,000, and there is no such error from incorrect posting, the student should add his ledger columns again, watching especially the number he carries to the incorrect column.

If he does not find the error by any of these processes, his only sure way is to compare journal and ledger, entry by entry, checking all amounts in the ledger that are correctly posted, and observing carefully, that there are debit entries in the ledger that correspond in amount to the credit entries of each transaction. After checking the ledger, the student should look over its columns carefully, and cross out all entries that are not checked, after which a correct addition of the ledger entries should bring the proper results.

A correct proof or trial balance is not an absolute test of the accuracy of ledger accounts, as the original entries may be carried out incorrectly, for which there is no remedy in bookkeeping. This is merely a matter of incorrect arithmetic, and no person who is inaccurate in ordinary calculations, should be trusted to carry out the original entries in the books.

Occasionally the bookkeeper may skip an entire journal entry in posting, and leave the ledger in balance because both debit and credit have been omitted.

Again, in posting any debit or credit, we may enter it upon the proper side of the ledger, but in the wrong account. Thus, we may debit or credit Smith for entries that belong to Jones's account. This error would not affect our proof, because the entry would be on the proper side of the ledger. Such a mistake can only be found by checking the entire ledger as we suggested above.

Another test of the accuracy of personal accounts is employed by wholesale merchants and others who have accounts with a large number of persons. A monthly statement is made out and sent to each firm on the first of each month. If the statement is incorrect, the firm receiving it is expected to report the error, and by means of these reports the errors that occur in personal accounts are usually discovered.

Bills Receivable and Payable can usually be proven and corrected by the notes on hand or outstanding, and cash and bank accounts can be corrected by the balances of cash on hand and in bank.

If above accounts are fully tested and the necessary corrections made, it will be an easy matter to trace any errors that may occur in the other accounts.

We have dwelt to some extent upon this topic of proving the ledger, that we may once more emphasize the necessity of precision on the part of the student by showing him that although double entry affords many excellent checks upon carelessness, it cannot afford a means of correcting or even discovering every error. Hence, it is, that few business men will tolerate more than one error made by their bookkeeper. He must cultivate absolute accuracy, if he would be sure of his position for any length of time.

CORRECTING ERRORS.

We treat the above topic in this connection; because the student will want to know how to correct a mistake properly, after he may have discovered it.

ORIGINAL ENTRIES.

If an error is found in an original entry, the incorrect entry should not be erased or altered, as that would destroy its validity as evidence in case of a dispute. When an original entry requires correction, if in a day book, journal, or sales book, the entry can be marked on the margin, "Void, corrected below, or on page—," naming the page where the correct entry may be found. The corrected entry should refer back to the previous entry marked void, so that anyone examining the books, would be able to understand the changes made and the reasons for making them. If the original entry requiring correction is in the cash book, and it is necessary to keep the transactions for the day together, it would be better to draw a light red line through the entry including the amount, and interline the correct entry above. If an entry has been entirely omitted, it can be recorded as soon as discovered, and the proper date given with explanation, "Omitted."

TRANSFER ENTRIES.

Erasures and changes are allowable in all cases except original entries, but they should be resorted to very seldom; because, they are likely to mar the appearance of the books. A method followed by German accountants is to change all figures in the amounts of incorrect entries to ciphers, which has the effect to void the entry, after which the new entry can be made with proper explanations. If one is careful in using this method, he will not mar the appearance of his books by such changes.

Errors in bookkeeping generally arise from lack of attention to the work before us, and from the mistaken notion that all entries must be made in a hurry. Where so much value is involved as is usually represented in a set of account books, it behooves the accountant to give his entire attention to the work before him, and to proceed deliberately and thoughtfully in recording the history of transactions, and in making transfers from one book to another.

CLOSING THE LEDGER.

In practical bookkeeping the ledger is usually closed once a year, or when a change is to occur in the business, or when an old ledger is filled and a new one is to be opened. The closing of the ledger marks an era in the business and shows the proprietor's present financial condition. Accounts with persons should be ruled up and closed as often as settlements are made, even if the accounts are not paid in full. This closing shows an agreement between the persons relative to the items debited and credited up to the date of the closing. If there is an excess of either side, it is brought down after the account is closed, and forms the beginning of a new account.

PREPARATORY TO CLOSING.

Before closing the ledger, an inventory should be taken, estimating the present value of real estate, merchandise, and other property belonging to the business, all items of expense prepaid, all accrued interest, and all claims in our favor or against us that are not shown in the ledger.

A statement should be made from the proof sheet, or trial balance, and inventories, showing every resource, liability, gain, and loss, and the present worth and net gain. The results of the statement should be proven correct, after which the closing entries should be made in the ledger accounts.

An account with a person, cash, bank, or bills receivable, shows a resource, when its debits are greater than its credits. An account with a person, bank, or bills payable, shows a liability, when its credits are greater than its debits.

Cash and bills receivable accounts can not have greater credits than debits, and bills payable account cannot have greater debits than credits.

All inventories of property on hand, expense prepaid, and interest receivable are resources; and all inventories of claims due from us and interest payable are liabilities.

All ledger accounts, except those with persons, cash, bank, bills receivable, and bills payable, will show losses, if their debits exceed their credits, and gains if their credits exceed their debits.

Inventories showing resources must be added to the credits of their proper titles and inventories showing liabilities must be added to the debits of their proper titles, before finding the losses or gains on such accounts.

The statement in Double Entry bookkeeping is proven correct by comparing its results. If a capital was invested in the business, the net capital increased by the net gain or diminished by the net loss, will equal the net worth. If no capital was invested in the business, the net gain will equal the net worth; or the net loss will equal the excess of the liabilities over the resources.

ORDER OF CLOSING THE LEDGER.

For convenience in referring to the ledger accounts, we will group them in two classes: Accounts with persons, cash, bank, bills receivable, bills payable, and the proprietor, or partners, will be designated as Class One accounts; and all other titles in the ledger as Class Two accounts.

Inventories of property and expenses prepaid should be credited to the proper titles. Other inventories, if any, should be debited or credited to the proper titles. Such entries should be written in red ink, having the date of closing and the explanatory word "Inventory."

All accounts except the proprietor's or the partners' should be closed, writing in red ink on the smaller side, (the side having the lesser amount), the closing date and the difference between the debits and credits, using as an explanatory term the word "Balance," if a Class One account, and the phrase "Loss and Gain," if a Class Two account.

The statement made before closing the ledger will give the correct closing entry for each account. Closing entries should not be made in the ledger, until they have been proven correct in the statement. Resources and liabilities in the statement will correspond to inventories and balances in the ledger, and losses and gains in the statement will correspond to loss and gain entries in the ledger.

An account should next be opened in the ledger with "Loss and Gain." If such an account is already on the books, the new title should be "Loss and Gain Closing." Into this account should be carried all closing entries in the ledger representing losses or gains, losses being carried to the debit side, and gains to the credit side.

A Loss and Gain entry on the credit side of any account shows an excess of the debit side; hence, a loss. A Loss and Gain entry on the debit side of any account shows an excess of the credit side; hence, a gain.

Loss and Gain account will now show a summary of all losses and gains that pertain to the business. If the losses exceed the gains, the excess is a net loss; if the gains exceed the losses, the excess is a net gain. If the result is a net loss, it should be carried to the debit of the proprietor's account, or of the partners' accounts, after being divided according to contract.

If the result is a net gain, it should be carried to the credit of the same accounts. The closing entry in Loss and Gain accounts is made in red ink, writing the name of the account or accounts to which the net gain or loss is carried. The closing entry should be written on the smaller side, in order that the two sides of the account may balance. In case of a partnership, there will be a closing entry in Loss and Gain for each partner, giving the title of his account and his proportion of the net gain or loss.

The proprietor's account or the partners' accounts can now be closed with a balance entry, the balance showing the net worth of each.

If the accounts are to be continued in the same ledger, bring down the balance entries and inventories in black, writing each on the side opposite the red ink entry. Take a trial balance of these entries brought down, and if the ledger is in balance, it is ready for advance entries.

If a new ledger is to be used, and the old one filed away for reference, the trial balance after closing should be recorded in the back of the old ledger in the form of an account under the title "Balance." Balance entries and inventories entered on the debit side of accounts, belong to the opposite or credit side of Balance account; and such entries on the credit side of accounts, belong to the opposite or debit side of Balance account. If the ledger has been closed correctly, the debit balances will always equal the credit balances.

Entering these various balances in Balance account closes the history of the business as shown in the closed ledger, all of the unsettled accounts being grouped together in Balance account, from which they can be carried to a new ledger if the business is to be continued.

When a series of ledgers are used, they may be designated by the letters of the alphabet, the first ledger used being named Ledger A. When it is closed and a second one opened, the latter is called Ledger B, and the balance entries forwarded from the former ledger would be entered in the latter, "Balance, Ledger A."

Some accountants do not use Balance account in closing a ledger that is to be filed away, but merely record in closing the class one accounts in the old ledger "Bal. to Ledger B," and with inventory recording "Inventory to Ledger B," and in the new ledger they forward these balances and inventories, "Bal. from Ledger A," "Inventory from Ledger A."

Our reason for advocating the use of Balance account in a ledger that is to be laid aside, is that this account may serve the purpose of a permanent trial balance of final closing entries, which being entered on a page of the ledger would ever be ready for reference in case the old ledger should be called into question.

Exercises in Closing the Ledger.

EXERCISE ONE.

In closing the Ledger in Exercise One, the following inventories should be used: Merchandise on hand \$257.75, rent prepaid \$10, wages due clerk \$6.

The ledger accounts given on pages 53, 54 and 55 are reproduced with the closing entries on pages 65, 66 and 67, and on page 67 will also be found the Loss and Gain account used in closing, and the Balance account, to which all balances and inventories are carried.

On page 64 is given the statement, which should be made before closing the ledger. This statement should be made on a loose sheet of paper, as it is not intended for record in the books.

EXERCISE TWO.

No inventories are given in Exercise Two. The student should make a statement, before closing the ledger. As he began business without capital, his net worth at closing will be the same as the net gain.

Loss and Gain and Balance accounts should be used as in Exercise One.

The student should open a ledger account with himself as proprietor, and carry the net gain from Loss and Gain account to his credit. The student's net worth at closing will be \$299.25.

EXERCISE THREE.

No inventories are given in Exercise Three. The student's net worth at closing will be the same as his net gain, as he began without capital. A statement should be made as usual before closing the ledger.

Accounts with the student as proprietor, Loss and Gain, and Balance, should be opened as in Exercise Two.

The student's net worth at closing will be \$475.25.

Statement—Exercise One.

<u>Resources</u>			
Cash	685 15		
Merch = Inventory	257 75		
Expense - Rent Prepaid	10		
H. Judson	8 45		
J. Spencely	8 70	970 05	
<u>Liabilities</u>			
H. P. Smith	129 50		
J. Mason	5		
Expense - Wages Unpaid	6	140 50	
Present Worth		829 55	
<u>Gains</u>			
Dr. 138.85 Total 396.60			
Merch. Inv. 257.75 Dr. 324.05		72 55	
<u>Losses</u>			
Dr. 22.00 Total 28.00			
Expense Inv. 6.00 Inv. A. 10.00		18	
Net Gain		54 55	
The Student's net capital	775		
Net Gain	54 55		
Present Worth		829 55	

Student.

189-					189-				
Nov. 3	1	25			Nov. 1	1	800		
7	Balance	829 55			7	Loss and Gam	3	54 55	
		854 55						854 55	
<i>Cash</i>									
189-					189-				
Nov. 1	1	800			Nov. 1	1	975		
	1	750				1	15		
2	1	1275			2	1	375		
3	1	2855			3	1	25		
5	2	2550			5	2	150		
6	2	1985				2	25		
7	2	2275			6	2	3		
					7	2	25		
						Balance		685 15	
		916 90						916 90	
<i>Merchandise</i>									
189-					189-				
Nov. 1	1	279 50			Nov. 1	1	495		
	1	975				1	750		
	1	30			2	1	610		
2	1	480				1	1275		
					3	1	2855		
					5	2	2550		
Forward page	2	324 05			Forward page	2	8535		

Merchandise Forward.

189-					189-				
Nov.	5	Forl. from page	1	324 05	Nov.	5	Forl. from page	1	85 35-
	7	Loss and Gain		72 55		6		2	7 40
								2	19 85
						7		2	3 50
								2	22 75
									257 75
				396 60					396 60

H. P. Smith, Chicago

189-					189-				
Nov.	5		2	1 50	Nov.	1	Inv. 30 days	1	279 50
	7	Balance		129 50					
				279 50					279 50

J. Mason

189-					189-				
Nov.	7		2	20	Nov.	1		1	30
		Balance		5					
				30					30

Expense

189-					189-				
Nov.	1		1	15	Nov.	7	Rent prepaid		10
	2		1	37 5			Loss and Gain		18
	5		2	25					
	6		2	36					
	7	Wages unpaid		28					28

H. Judson

189-				189-			
Nov.	1	1	4 95	Nov.	7	Balance	8 45
	7	2	3 50				
			8 45				8 45

P. Spencely.

189-				189-			
Nov.	2	1	6 10	Nov.	2	1	4 80
	6	2	7 40		7	Balance	8 70
			13 50				13 50

Loss and Gain

189-				189-			
Nov.	7	Expense	2	Nov.	7	Mdse.	1
		Student	18				72 55
			54 55				
			72 55				72 55

Balances

189-				189-			
Nov.	7	Cash	1	Nov.	7	Student	1
		Mdse.	1			H. P. Smith	2
		Expense	2			J. Mason	2
		H. Judson	2			Expense	2
		P. Spencely	3				
			685 15				829 55
			257 75				129 50
			10				5
			8 45				6
			8 70				
			970 05				970 05

EXERCISE FOUR.**DIRECTIONS.**

In recording the following transactions, the student will use his own name to represent the proprietor, recording the transactions in the day book, journal, and ledger, as usual.

As the business commenced in Exercise Four is to be continued in Exercise Five, we have made provision in spacing the ledger, for closing each account, bringing down balances and inventories, and continuing in Exercise Five.

The ledger accounts should be opened in the order named, and spaced as follows: Cash 25 lines, Real Estate 13 lines, Bills Receivable 6 lines, Student 8 lines, Merchandise 14 lines, J. V. Farwell 8 lines, T. Jones 8 lines, Expense 12 lines, Interest and Discount 6 lines, Bills Payable 6 lines, R. E. Saner 4 lines.

TRANSACTIONS.

1. Began business with the following investment: Cash \$200, a store room and business lot worth \$2800, and a note in my favor signed by N. Mason for \$500. [Rules 2, 3, 7, and 5]
 2. Bought of J. V. Farwell on account an invoice of merchandise amounting to \$896.50.
 3. T. Jones has completed shelves and counters in my store room, for which he has charged me \$450 on account. [Rules 7 and 1.]
 4. Paid cash for freight on the merchandise \$18.75.
 5. Paid cash for cleaning store room \$3.50. [Rules 10 and 2.]
 6. Paid cash for advertising the business \$22.75. [Rules 10 and 2.]
 7. Received cash for sales of merchandise \$27.50.
 8. Paid T. Jones cash on account \$50.
 9. Borrowed cash at bank, giving my note at 30 days for \$500 and receiving cash for the proceeds \$496.33, the balance being retained for discount. [Rules 2, 11, and 4.]
 10. Paid cash for a bank draft for \$300, and sent same to J. V. Farwell to apply on account.
 11. Paid cash for exchange on above draft 50 cts.
 12. Received cash for sales of merchandise \$37.75.
 13. Paid cash for painting my store room \$52.50. [Rules 7 and 2.]
 14. Paid cash for clerk hire in store \$7.50.
 15. Received cash of N. Mason to apply on his note, invested in Transaction 1, \$250. [Rules 2 and 3.]
 16. Paid cash for office books \$8.50. [Rules 10 and 2.]
 17. Paid cash for insuring my stock of merchandise \$17.50. [Rules 10 and 2.]
 18. Sold R. E. Saner on account 45 yds. Newport denims @ 15c, 42 yds. Keystone flannel @ 40c, 40 yds. Empress cashmere @ 90c, 42½ yds. Long Branch alpaca @ 37½c, 126 yds. American prints @ 5c, 85 yds. Union bleached sheeting @ 8c.
 19. Paid Howard Smith cash \$150 and sold him merchandise amounting to \$25, to pay for labor and material in finishing a hall in the second story of my store building.
 20. Received cash for sales of merchandise \$148.36.
- The student may post and prove the ledger as usual, after which he will close the ledger, using the following inventories: Real estate \$3600, merchandise \$671.25, insurance prepaid \$16, office books not used \$7.

The business is to be continued in Exercise Five, and the student will bring down the balance or inventory in each account, ready for the next exercise. Loss & Gain account will be closed as usual into the student's account.

The balances and inventories should be brought down in the ledger, with the opening date of Exercise Five.

We give below the proof sheet of the ledger before closing, and the trial balance of the ledger after the accounts have been closed and the balances and inventories have been brought down.

PROOF SHEET BEFORE CLOSING.

Cash	1159 94	631 50
Real Estate	3477 50	
Bills Rec.	500	250
Student		3500
Merchandise	915 25	327 20
J. V. Farwell	300	896 50
T. Jones	50	450
Expense	60 25	
Int. and Discount	3 67	
Bills Pay.		500
R. E. Saner	88 59	
	6555 20	6555 20

TRIAL BALANCE AFTER CLOSING.

Cash	528 44	
Real Estate	3600	
Bills Rec.	250	
Student		3664 78
Merchandise	671 25	
J. V. Farwell		596 50
T. Jones		400
Expense	23	
Bills Pay.		500
R. E. Saner	88 59	
	5161 28	5161 28

EXERCISE FIVE.**DIRECTIONS.**

The following transactions are a continuation of the business commenced in Exercise Four. The transactions should be recorded in the day book, journal, and ledger.

Before posting to the ledger, the student should see that the balances and inventories brought down in the several accounts correspond to the amounts given in the last trial balance. Only one new ledger title will be introduced, J. C. Smith, requiring 3 lines.

The Loss and Gain account closing the preceding exercise, should have for its title "Loss and Gain—Exercise Four." The Loss and Gain account closing the following transactions, should be a separate account, under the title "Loss and Gain—Exercise Five."

TRANSACTIONS.

Continued the business from Exercise Four.

1. Drew out cash for personal use \$24.75 [Rules 5 and 2.]
2. Sold J. C. Smith on account 85 yards Union prints @ $5\frac{1}{2}$ c, 40 yds. Hampton brown sheeting @ 7c, 124 yds. Houston cotton flannel @ $12\frac{1}{2}$ c, 41 yds. cotton drills @ 15c, 5 doz. Clark's spool cotton @ 40c.
3. Gave T. Jones my note at 30 days for \$200 to apply on account. [Rules 1 and 4.]
4. Received cash for merchandise sales \$92.50.
5. Bought of J. V. Farwell on account an invoice of merchandise amounting to \$327.25.
6. Paid cash for taxes on my real estate \$22.50.
7. Paid cash for freight on merchandise \$8.75. [Rules 6 and 2]
8. J. V. Farwell has drawn on me at 10 days' sight for \$596.50, to apply on account, and I have accepted the draft. [Rules 1 and 4.]

When we accept a draft on us, payable at some future time, we should debit the person that draws on us and credit Bills Payable, the same as we would do if we had given a note to apply on account.

9. Received cash from N. Mason to pay the balance of his note \$250 and interest on same \$2. [Rules 2, 3, and 11.]

10. Paid cash to redeem my note given to the bank in the preceding exercise, \$500. [Rules 4 and 2.]
11. Received cash for rent of hall above my store room \$17.50.
12. Sold my entire stock of merchandise to T. Jones for \$975, receiving cash \$447.75 and charging the balance to his account. [Rules 2, 1, and 6.]
13. Received cash from T. Jones \$35, to pay for rent of store room. [Rules 2 and 7.]
14. Paid cash for my note given in Transaction 3, \$200 and \$1.75 for interest on the same.
15. Received cash of T. Jones for unexpired insurance on merchandise, which I have assigned to him, \$12.
16. Drew on T. Jones at 10 days' sight for \$327.25, and sent the draft to J. V. Farwell to apply on my account.

When we draw a draft on a person, we should give that person credit; and the person to whom we give the draft should be debited.

17. Drew on R. E. Saner at 30 days for \$88.59, and on J. C. Smith at 30 days for \$31.13, and sold the drafts at bank for cash \$115, the balance being deducted as discount.
 18. Sold my office books to T. Jones for cash \$5.
 19. Paid cash \$596.50 for my accepted draft, given in Transaction 8.
 20. Paid cash for my personal expenses \$26.33.
 21. Sold my lot and store building to C. I. Lane for cash \$3600.
- After posting and proving the ledger, the student may close the ledger without inventories, and carry all balances into Balance account.
- The student's net worth after closing Loss and Gain into his account will be \$3724.61.

EXERCISE SIX.

DIRECTIONS.

In the following transactions the student enters into partnership with C. C. Smith, each making the same investment and sharing equally in the gain or loss. The firm engages in the business of note brokers.

A note broker is one who buys and sells notes given by other firms. If a note is bought at less than its face value, Bills Receivable should be debited for the face value of the note, and Interest and Discount should be credited for the amount paid less than the face value. If a note is disposed of for less than its face, Bills Receivable should be credited for the face, and Interest and Discount should be debited for the amount received less than the face.

Some bookkeepers have an account with Interest, keeping a separate account with Discount. In such case, the transactions referred to in the last paragraph would be entered to the debit and credit of Discount.

In recording the transactions the student will use the day book, journal, and ledger, as usual. Ledger accounts will be opened in the order named, and will require the following spaces: Cash 19 lines, Student 6 lines, Real Estate 6 lines, C. C. Smith 6 lines, Bills Receivable 11 lines, Interest and Discount 13 lines, Expense 8 lines, Commercial Bank Stock 8 lines, Loss and Gain 6 lines.

After taking a proof sheet, the ledger should be closed, no inventories and balance entries being required. The Loss and Gain account used in closing, should be called "Loss and Gain Closing," to distinguish it from the Loss and Gain account posted from the journal.

TRANSACTIONS.

1. The student invested cash in the business \$3500.
2. C. C. Smith invested in the business a house and lot worth \$3000, and cash \$500.
3. Bought a note for \$600, signed by C. A. Mason, for which we paid cash \$580. [Rules 3, 11, and 2.]

4. Bought of Henry Sullivan his draft at 30 days on C. A. Curtiss for \$575.50, paying cash for the same \$560.
5. Received cash for rent of the house invested by Smith \$20.
6. C. A. Mason has paid us cash \$15 for interest on his note, which we purchased in Transaction 3. [Rules 2 and 11.]
7. Paid cash for advertising the business \$12.50.
8. Bought twelve sale notes of R. E. Sherman, the face of the notes amounting to \$778.50, paying cash for them \$600.
9. The student has drawn out cash \$45.
10. Sold our house and lot to A. R. Grant for \$3250, receiving cash \$1250 and his note for \$2000. [Rules 2, 3, and 7.]
11. Paid cash for ten shares Commercial Bank stock \$1000. [Rules 8 and 2.]
12. Cash amounting to \$525 was stolen from the office safe last night. [Rules 12 and 2.]
13. Paid cash for office rent \$27.50.
14. Collected cash \$250 for four of the notes bought in Transaction 8, and \$13.25 for interest on same. [Rules 2, 3, and 11.]
15. Bought a note signed by T. Mason, dated one year ago, paying cash \$1200 for the face of the note and \$72 for accrued interest. [Rules 3, 11, and 2.]
16. Paid cash for office books and stationery \$15.75.
17. The money lost in Transaction 12, \$525, has been returned.
18. Paid cash \$50 for detective services.

Payment made in Transaction 18 could be debited to Expense; but, being an unusual expenditure, it would be the author's advice to debit Loss and Gain.

19. Paid cash for postage and stationery \$7.50.
20. Received cash \$60 for dividends on our Commercial Bank stock. [Rules 2 and 8.]
21. T. Mason has paid us cash \$1200 for his note, received in Transaction 15, and \$96 for interest on the same. [Rules 2, 3, and 11.]
22. Received cash \$400 for seven of the notes bought in Transaction 8, and \$17.50 for interest on the same.
23. Received cash \$550 for 5 shares of Commercial Bank stock.
24. The last one of the notes bought in Transaction 8, amounting to \$128.50 is considered doubtful as to its collection, and we have sold it for cash \$75.
25. Received cash of C. A. Curtiss \$575.50, in payment of Sullivan's draft on him purchased in Transaction 4.
26. Sold our remaining shares of Commercial Bank stock for cash \$565.
27. Received cash of C. A. Mason, \$600 in payment of his note, received in Transaction 3, and \$12 interest on the same.
28. C. C. Smith has withdrawn from the business A. R. Grant's note for \$2000 with interest accrued on same \$10, and cash \$1782. [Rules 5, 3, 11, and 2.]
29. The student has drawn out cash \$3747.
30. We have credited each partner for his share of the net gain and have dissolved the partnership.

QUESTIONS FOR REVIEW.

1. What is the general rule for debit and credit? 2. In what does Double Entry bookkeeping differ from Single Entry? 3. What is the rule for debiting and crediting persons? 4. What results are shown by a personal account, if not in balance? 5. What is the rule for debiting and crediting Cash? 6. What kinds of business paper are considered as Cash? 7. Can the credits of Cash exceed the debits? 8. When should Bills Receivable be debited, and when credited? 9. What business papers are recorded as bills receivable? 10. What result is shown by Bills Receivable account, if not in balance? 11. When should Bills Payable be debited, and when credited? 12. What result is shown by Bills Payable account, if not in balance? 13. When should a proprietor or partner be debited, and when credited? 14. When should Merchandise be debited, and when credited? 15. What record is made of the unsold merchandise? 16. What results may be shown by Merchandise account? 17. When should Real Estate be debited, and when credited? 18. What results may be shown by Real Estate account? 19. When should Stocks be debited, and when credited? 20. What results may be shown by an account with Stocks? 21. When should a shipment account be kept? 22. When should shipment account be debited, and when credited? 23. What results may be shown by a shipment account? 24. When should Expense be debited, and when credited? 25. Are inventories ever recorded in Expense account? 26. What results may be shown by Expense account? 27. When should Interest and Discount be debited, and when credited? 28. Are inventories ever recorded in this account? 29. What results may be shown by this account? 30. When should Loss and Gain be debited, and when credited? 31. May other titles of accounts be used, than those already named? 32. What three books are used in the simpler methods of Double Entry? 33. In what respects does the Double Entry day book differ from the Single Entry day book? 34. What is the office of the journal? 35. How do the footings of the journal compare with those of the day book? 36. What is the Double Entry ledger? 37. When is a ledger said to be in balance? 38. What is a proof sheet, and what is its value? 39. What is a trial balance? 40. What is the first step in opening a set of account books? 41. How should the statement, made at the opening of the books, be journalized? 42. How can a set of Single Entry books be changed to Double Entry? 43. What should govern the bookkeeper in choosing titles for the property and incidental accounts? 44. How often are ledgers generally proven in balance? 45. What methods may be used for detecting errors in a ledger that is out of balance? 46. Is a proof sheet or trial balance an absolute test of the accuracy of the ledger? 47. What additional test of personal accounts is used by large mercantile houses? 48. How may corrections be made in original entries? 49. In what books may erasures be made, in correcting errors? 50. How often is the ledger usually closed in business? 51. What should be done preparatory to closing the ledger? 52. What inventories are resources, and what ones are liabilities? 53. What accounts belong to class one? 54. What accounts belong to class two? 55. How are inventories recorded in the ledger? 56. With what entry should accounts of class one be closed? 57. With what entry should accounts of class two be closed? 58. How should the closing Loss and Gain account be closed? 59. How is the proprietary account closed? 60. When should Balance account be used, and when not? 61. If several ledgers are used in successive years, how are these ledgers distinguished?

SET FOUR.

Using Historical Journal, Cash Book, Bill Book, and Ledger.

EXPLANATIONS.

The Historical Journal combines the day book record and the journal entry in one book. The book containing these combination entries is sometimes called a Journal—Day Book.

In the combined records the journal entries pertaining to a transaction are given first place, followed immediately by the descriptive entries necessary to explain the transaction. In this way the historical journal becomes a book of original entry, and, if properly kept, its records are admissible as evidence, the same as entries in a day book would be.

The journal part of each entry should be written in a larger and heavier hand, in order to be more readily distinguished by the bookkeeper, when he posts to the ledger. The form on page 75 represents the historical journal. The Cash Book, as illustrated on pages 76 and 77, is kept in special columns for cash and bank. If a cash book is used it is unnecessary to enter cash transactions in the journal, since cash received credits the person or thing bringing the cash, and cash paid debits the person to whom or the thing for which it is paid.

In making a cash entry, the date should first be recorded, followed by the title that is debited or credited, the explanation, and the amount. The method of recording the date, and the arrangement of the special columns to keep the cash and bank accounts distinct, are explained on page 33, and the method of balancing the cash and bank columns is illustrated on page 34.

If a cash debit or credit has been recorded in the journal as part of a transaction, the word "Journal" should be written in the title space in the cash book, indicating that the opposite title will be found in the journal.

The Bill Book, or note book, is kept in this set in the same manner as that described and illustrated in Set Three. Whenever a proof sheet is taken of the ledger, the debit balance of Bills Receivable account should correspond to the amount of unpaid notes receivable recorded in the bill book and the credit balance of Bills Payable account should correspond to the amount of unpaid notes payable recorded in the bill book.

THE LEDGER TITLES USED.

The class one accounts in any business would be kept the same by all bookkeepers, but the same bookkeepers would differ widely in their choice of titles representing the property and incidental accounts.

In order to secure uniformity in the students' books, we would suggest the following use of the titles that are most likely to be changed:

Two property titles may be used: Grain account for wheat, corn, oats, and barley; and Merchandise account for wood, coal, salt, and cement.

The cost of insuring merchandise is frequently debited to Merchandise account, but in the present set, the insurance is taken in one amount on grain and merchandise, and, because we cannot readily distribute the proportionate cost to each, the outlay for insurance should be debited to Expense.

An account should be kept with Teams, in which is debited the value of teams invested or purchased, and in which is credited the amount received for teams when they are disposed of. The cost of feed and care of horses, and of repairs on wagons and harness, should be debited to Expense, as these outlays do not add to the original value of the teams.

When a purchase or sale is made subject to draft, it should be journalized as on account; and when the draft is accepted or paid, it should be entered as given to apply on the account.

The regular shipments of grain to commission firms to sell for us, should be entered in the historical journal as descriptive memoranda without carrying out any values or opening any new ledger titles. If any outlays are made in connection with these shipments, such outlays should be debited to Gain as part of its cost. When the consignments are sold, the proceeds reported should be credited to Grain.

Each consignment of merchandise to us, for sale for other firms, should have a title in our ledger. If we were in the commission business and made a specialty of such transactions, we would have a separate book for such accounts. A consignment account, if kept in the ledger, should have each debit and credit itemized, unless the descriptive entries would require more space than the explanation column affords. The itemized consignment accounts will enable the bookkeeper to estimate the commission on sales and draw off account sales directly from the ledger, without referring back to the historical entries.

In order to secure uniform entries in the ledger, we would suggest the following routine of posting: Post all debits and credits of a given date from the journal first, and afterward from the cash book, opening new titles in the ledger in the order required.

The student's proof sheets on Nov. 4 and Nov. 6, and his trial balance after closing the ledger Nov. 6, should agree with the results given in the Continued Trial Balance Book on page 79.

The account with Grain, on page 76, illustrate the usual form of entry, when an account is posted from more than one book. Words and figures in italics indicate red ink entries.

The account with Consignment of Crescent Mills, on page 77, illustrates the form of entry, when it is desired to itemize the debits and credits in a consignment account.

To allow for balancing accounts and bringing down balances, as required in the transactions, the ledger accounts should be spaced as follows: Student 12 lines, Teams 10 lines, Stacey & Stevens 14 lines, Merchandise 28 lines, Bills Receivable 16 lines, Real Estate 16 lines, Bills Payable 15 lines, Union Coal Co. 11 lines, Grain 25 lines, Howard & Payne 12 lines, Consignment of Lee & Hutchins 12 lines, H. Martin 10 lines, Lee & Lacey 10 lines, Consignment of Crescent Mills 21 lines, Expense 24 lines, Interest and Discount 11 lines, Akron Cement Co. 8 lines, Prospect Mining Co. 8 lines, P. M. French 8 lines, R. Houston 5 lines, Commission 8 lines, Loss and Gain Closing, Nov. 6, 11 lines, H. Miner 5 lines, Loss and Gain 5 lines, Loss and Gain Closing, Nov. 16, 10 lines, Balance Account 12 lines.

TRANSACTIONS.

NOVEMBER 1, 189--

The student began business to-day with the following resources and liabilities:

Resources.—Cash, \$1,000; 2 teams with wagons used for hauling and delivering grain and merchandise, estimated worth \$425 each; a balance of account due from Stacey & Stevens, \$520; a stock of coal, wood and salt inventoried at \$344.50; a note at 20 days for \$200, a note at 30 days for \$150, and a note at 40 days for \$100, each note being in favor of the student, and dated Oct. 8th ult., and each being signed by Henry Preston; a note at 20 days for \$250, dated Oct. 16th ult., signed by Howard & Payne; and a vacant town lot fronting 40 feet on Third street, worth \$20 per front foot. [After journalizing, enter cash in Cash Book and notes in Bill Book.]

Liabilities.—A note at 30 days for \$400, a note at 40 days for \$500, a note at 45 days for \$600, each note being signed by the student and payable to James Crosby, and each being dated Oct. 12th ult.; and a balance of account in favor of the Union Coal Co., \$214.50.

Deposited cash in the Commercial Bank \$900. [Cash Book only.]

[TRANSACTIONS CONTINUED ON PAGE 78.]

Cedar Rapids, Iowa, Nov. 1, 189-

	The Student began business today with the following Resources and Liabilities -			
✓	Cash	1000		
15	Teams per Inventory	850		
15	Stacey & Stevens Bal. a/c	520		
16	Merchandise per Inventory	344.50		
17	Bills Rec. per Bill Book	700		
17	Real Estate per Inventory	800		
14	The Student Resources Invested		4214.50	
14	The Student	1714.50		
18	Bills Pay. per Bill Book		1500	
18	Union Coal Co. Bal. a/c		214.50	
	Liabilities Invested			
	2			
17/19	Grain Howard & Payne	709.66	709.66	
	2 cars Wheat $\frac{276.00}{299.40}$ 959 bu. @ .74			
16/18	Mdse. Union Coal Co.	315	315	
	63 tons Hard Coal @ \$5.			
	Received from Lee & Hutchins, Riverside, 350 bu Limes, to sell on their account and risk, for which we are to receive a commission of 5 cts. per bu.			
	3			
19/16	H. Martin Mdse.	17.50	17.50	
	1 1/2 tons Hard Coal @ \$8. \$12.00			
	2 cords Stone Wood @ \$2.75 5.50			

Nov. 189-		Cash and Bank		Dr.		Cash	Bank
1	✓	Journal	Investment	1000			
	✓	Cash	Deposited				900
2		Mdse.	Sundry Sales	64	75		
		Const. L. & N.	40 Lime @ .35	14			
		Stacey & S.	Dft. fav. M. E. Miner	100			
	✓	Cash	Deposited				200
3		Stacey & S.	Drafts on them	37	5		
			N. Martin \$150				
			R. Safely 125				
			C. Judson 100				
		Mdse.	Sundry Sales	138	50		
		Const. L. & N.	90 Lime @ .35	31	50		
		Grain	Sale of Screenings	3	25		
		Const. Pres. M.	35 sks. Flour \$1.40	49			
	✓	Cash	Deposited				550

GRAIN.

189--					189--				
Nov.	2	Journal	1	709 66	Nov.	3	Cash	2	3 25
		Cash	3	139 46		4	Journal	2	7 50
		"	3	37 50		5	"	3	844 89
	3	"	3	112 80			Grain on hand		568 28
	4	"	3	191 51			Grain on sale		135
	5	"	5	85 38					
	6	Journal	3	178 75					
		Cash	5	22 50					
		Loss and Gain		81 36					
				1558 92					1558 92
Nov.	8	Inventory Down		703 28	Nov.	9	Journal	4	176 50
	9	Cash	5	133 19		10	"	5	255
	10	Journal	5	52 58			Cash	4	6 25
		Cash	5	52 24			"	4	7
		"	5	15		11	"	4	5 4
	16	Loss and Gain		90 58			"	4	250
						12	Journal	6	6 15
						13	Cash	6	4 92
						16	"	6	257 25
								6	78 40
				1046 87					1046 87

Nov. 189-		Cash and Bank		Cr.		Bank's	
				Cash			
1	✓	Bank	Deposited	900			
2		Grain	Sundry Checks			139	46
			G. Spencer 36. ⁰⁰				
			M. Powers 29.16				
			C. Hartson 26.90				
			Jas. Lacey 47.40				
		Grain	Freight on Wheat	37	50		
		Mdse.	Freight on Coal			94	50
		Const. L. & H.	Freight on Lime	15			
	✓	Bank	Deposited	200			
3		Howard & Payne	Dft. J. C. Thomas			300	
		Mdse.	Inw. Ward & Lee			80	
		Mdse.	Freight on Salt	21	25		
		Const. Cres. Mills	Freight on Flour			20	
		Grain	Sundry Checks			112	80
			C. Cummings 32.80				
			H. Preston 34.50				
			C. Carter 45.50				
		Expense	Rent 1 month			50	
		Expense	Office Books	6	50		
	✓	Bank	Deposited	550			

CONSIGNMENT OF CRESCENT MILLS.

189--				Sales of Flour.			
Nov.				Nov.			
3	C. Cash Freight	3	20	3	J. 20 sacks	1.40	28
4	C. Cash on acct.	3	75		J. 25 "	1.40	35
5	J. Commission	3	20		C. 35 "	1.40	49
	C. Check, net proceeds	5	160 75	4	J. 10 "	1.40	14
					C. 25 "	1.40	35
				5	J. 20 "	1.35	27
					J. 15 "	1.35	20 25
					C. 50 "	1.35	67 50
			275 75				275 75
Nov. 10	J. 300 Wheat	.85	5 255	Nov. 9	C. 20 sacks	1.35	4 27
16	J. Commission		7 30	10	C. 25 "	1.35	4 33 75
	C. Check, net proceeds		7 75 50	11	C. 60 "	1.35	4 81
				12	J. 20 "	1.30	6 26
					J. 10 "	1.35	6 13 50
					C. 20 "	1.35	6 27
				16	C. Insurance		152 25
			360 50				360 50

2

Gave checks on the Commercial Bank to pay for grain purchased, as follows: A. Spencer 45 bu. wheat @ 80c, M. Powers 36 bu. wheat @ 81c, C. Hartson 33 bu. wheat @ 81½c, James Lacey 60 bu. wheat @ 79c. [Cash Book.]

Bought of Howard & Payne, of Paynesville, 2 car loads wheat, the first car weighing 27,600 lbs. net, and the second car weighing 29,940 lbs. net. (60 lbs. per bushel), @ 74c per bu., payable as they may draw on us. [Journal.]

Paid cash to the Commercial Railway for freight on the wheat \$37.50.

Bought of the Union Coal Co. on account 63 tons hard coal @ \$5. Gave our check to the Commercial Railway for freight on the coal \$94.50.

Received from Lee & Hutchins, Riverside, 1 car lime, 350 bushels, to be sold on their account and risk, for which we are to receive a commission of 5 cents per bushel. [Memorandum in Journal.]

Paid cash to the Commercial Railway for freight on the lime \$15.

Made the following cash sales to-day: 12 tons soft coal @ \$4.25, 5 cords stove wood @ \$2.75, 40 bu. lime @ 35c. [All sales of lime belong to the Lee & Hutchins consignment]

Drew on Stacey & Stevens at sight for \$100, in favor of M. E. Miner, who paid us cash for the draft.

Deposited cash in bank \$200.

3

Gave our check in payment of Howard & Payne's sight draft on us for \$300, payable to J. C. Thomas.

Sold the following sight drafts on Stacey & Stevens for cash: Draft favor H. Martin for \$150, favor R. Safely for \$125, favor C. Judson for \$100.

Made the following cash sales to-day: 10 tons hard coal @ \$8, 6 tons soft coal @ \$4.25, 12 cords stove wood @ \$2.75, 90 bu. lime @ 35c. [Two entries in Cash Book.]

Sold H. Martin on account 1½ tons hard coal @ \$8, 2 cords stove wood @ \$2.75.

Screened the 2 car loads of wheat received yesterday, and shipped the same to Stacey & Stevens to sell on our account and risk, the net weight of the wheat being 57,200 lbs. [Memorandum.]

Sold the screenings for cash, receiving \$3.25.

Gave our check to Ward & Lee for 100 bbls. salt bought of them @ 80c. Paid cash to the Commercial Railway for freight on the salt \$21.25.

Received from the Crescent Milling Co., of Falls City, 200 sacks flour to be sold on their account and risk, for which we are to receive a commission of 10 cents per sack. Gave our check to the Commercial Railway to pay freight on the flour \$20.

Gave the following checks to pay for grain: C. Cummings for 41 bu. wheat @ 80c, H. Preston for 115 bu. oats @ 30c, C. Carter for 130 bu. corn @ 35c.

Sold flour to-day from the Crescent Milling Co.'s consignment @ \$1.40 per sack, as follows: Lee & Lacey 20 sacks on account, R. Jennings 25 sacks on his note at 5 days, sundry cash sales 35 sacks.

Gave check to A. C. Kirby to pay one month's rent of warehouse and coal sheds \$50.

Paid cash for office books \$6.50.

Deposited cash in bank \$550.

4

Accepted the Union Coal Company's draft on us at 5 days, payable to the Commercial Bank, for balance of old account \$214.50. [Journal and Bill Book.]

Prepaid our note of \$400 favor James Crosby, receiving a discount equal to the interest on the note at 8 per cent until maturity, counting days of grace. Gave our check for the proceeds \$399.11. [Journal and Cash Book, posting from the Journal. Mark paid in Bill Book.]

Bought of the Akron Cement Co. on account 90 bbls. cement @ \$1.75. Gave our check to the Commercial Railway for \$37.50 to pay freight on the cement.

Bought of the Prospect Mining Co. 55 tons soft coal @ \$2.20, on account subject to their sight draft. Gave our check to the Commercial Railway for \$66 to pay freight on the coal.

Gave the following checks to pay for grain: M. Powers 50 bu. oats @ 29c, C. Hartson 115 bu. corn @ 34½c, P. Carter 154 bu. oats @ 30c, J. Johnson 112½ bu. wheat @ 81c.

Needing a light wagon for delivering small purchases of wood and coal, we have given our check to Roger Martin for one horse, harness and wagon \$210.

Paid cash for hay for feeding our horses \$16. [Debit Expense.]

Took out from the warehouse 25 bu. oats, estimated at 30c per bu., for feeding our horses.

Made the following cash sales to-day: 25 bbls. salt @ \$1.40, 20 tons soft coal @ \$4.25, 10 tons hard coal @ \$8, 12 cords stove wood @ \$2.75, 25 sacks flour @ \$1.40, 25 bu. lime @ 35c. [Make three entries in Cash Book.]

Made other sales to-day as follows: H. Martin on account 100 bu. lime @ 34½c. Howard & Payne on account 10 bbls. salt @ \$1.25, 5 bbls. cement @ \$2.75. P. M. French on account 10 sacks flour @ \$1.40. L. Bacon on his note at 5 days, payable at our bank, 10 tons soft coal @ \$4.25, 20 bu. lime @ 35c.

Paid cash for advertising \$17.50.

Paid cash for building sidewalk in front of our vacant lot \$27.50.

Sent our check for \$75 to the Crescent Milling Co. to apply on their consignment.

Sold our sight draft on Stacey & Stevens to R. E. Lee for cash \$125.

Paid cash for the student's personal expenses \$19.25.

Paid cash for wages of teamsters and warehouse clerk to date \$52.50.

Deposited cash in bank \$275.

Post the ledger and make a proof sheet, showing the ledger in balance, and record the proof sheet in the continued trial balance book.

[TRANSACTIONS CONTINUED ON PAGE 80.]

THE CONTINUED TRIAL BALANCE BOOK.

	Nov. 4.		Nov. 6.		After Closing.		Nov. 11.		Nov. 16.	
Cash Balance	5	39 75		36 50		36 50				
Bank Balance	5	149 12		488 19		488 19				
Student	1	1733 75	4214 50	1758 75	4214 50		3017 50			
Teams	1	1060		1060	475	675				
Stacey & St'v'ns	1	520	600	1364 89	1000	364 89				
Merchandise	2	1237 25	522 50	1763 30	1202 75	1009 50				
Bills Rec.	3	784 50		814 50	200	614 50				
Real Estate	3	827 50		827 50		850				
Bills Pay.	4	400	1714 50	400	1835 50		1435 50			
Union Coal Co.	4	214 50	529 50	529 50	794 70		265 20			
Grain	5	1190 93	10 75	1477 56	855 64	703 28				
Howard & P'yne	5	326 25	709 66	1029 25	888 41	140 84				
Const. L. & H.	6	15	95 75							
H. Martin	6	52		52	25	27				
Lee & Lacy	6	28		48 25	25	23 25				
Const. C. M.	7	95	161							
Expense	7	150		177 25		66 25	15 25			
Int. and Dis.	8		89		7 69					
Akron Cem. Co.	8		157 50		157 50		157 50			
Pros. Mining Co	8		121	121	240 25		119 25			
P. M. French	9	14		41	30	11				
R. Houston	9									
Commission	9				37 50					
H. Miner	10									
Loss and Gain	10									
		8837 55	8837 55	11989 44	11989 44	5010 20	5010 20			

5

Received account sale from Stacey & Stevens of the wheat shipped them on the 3d inst. Net proceeds to our credit \$844.89.

Bought of the Union Coal Co. on account 52 tons hard coal @ \$5.10. Gave our check to the Commercial Railway for \$78 to pay freight on the coal.

Gave the following checks to pay for grain: M. Powers 55 bu. oats @ 30c, H. Preston 98 bu. oats @ 31c, R. I. Saner 110 bu. corn @ 35.

Sold flour at \$1.35 per sack as follows: P. M. French 20 sacks on account, Lee & Lacey 15 sacks on account, sundry sales for cash 50 sacks.

Sold for cash 20 bbls. salt @ \$1.40, 15 tons hard coal @ \$8, 50 bu. lime @ 35c.

Sold R. Houston, of Riverton, 10 bbls. cement @ \$3, and drew on him at 20 days sight for the amount, forwarding the draft by mail for his acceptance. [Houston should be debited until the draft comes back with his acceptance.]

Sold drafts on Stacey & Stevens for cash: Favor A. Johnson \$200, favor M. Parks \$125, favor C. Cusey \$75.

Received cash of Henry Preston to pay his note of \$200 now past due, and 50 cents interest on same since maturity, making a total of \$200.50. [Cash Book, two entries. Mark paid in Bill Book.]

Closed the consignment of the Crescent Milling Co., charging for commission as per agreement, and sending them a check for the balance due them on the net proceeds.

Gave our check to pay Howard & Payne's sight draft on us for \$275.

Received cash from H. Martin \$25, to apply on his account.

Paid cash \$22.50, premium for insurance on grain and merchandise in warehouse to the amount of \$1500.

Paid cash for postage 25c.

Deposited cash in bank \$750.

6

Paid Lee & Hutchins's sight draft on us for \$75, to apply on their consignment, giving a check for the same.

R. Houston has accepted and returned the draft we drew on him on the 5th inst., his acceptance also being dated the 5th inst. [Journal and Bill Book.]

Bought of the Prospect Mining Co. on account 53 tons soft coal @ \$2.25. Gave a check to the Commercial Railway for \$63.60 to pay freight on the coal.

Howard & Payne have sent us, freight prepaid, 275 bu. barley for which we have given them credit at 65c per bu.

Shipped to Stacey & Stevens, our regular commission dealers, 450 bu. oats to sell on our account and risk. Paid cash for freight on the shipment of oats \$22.50.

Sold Howard & Payne on account 31 tons hard coal @ \$8, 20 tons soft coal @ \$4.

Sent our note at 10 days to the Prospect Mining Co., to pay for their invoice received on the 4th inst.

Received cash of P. M. French \$30, and of Lee & Lacey \$25 to apply on account.

Sold for cash 25 bbls. salt @ \$1.40, 15 tons hard coal @ \$8, 7 cords wood @ \$2.75, 25 bu. lime @ 35c.

The Union Coal Co. have offered a cash discount of 2 per cent on their invoice of 2d inst. We have accepted their offer and sent them our check for the amount of the invoice less 2 per cent. [Journal and Cash Book.]

Sold one of our double teams for cash \$475.

Closed Lee & Hutchins's consignment and sent them an account sale, charging them with our commission as per contract, and sending our check for the balance of the net proceeds still unpaid.

Paid cash for postage \$1, and for stationery \$3.50.

Paid cash for Howard & Payne's sight draft on us for \$100.

Deposited cash in bank \$650.

Drew out cash for personal use \$25.

Post the ledger and make a proof sheet, showing the ledger in balance, and record the proof sheet in the continued trial balance book.

CLOSING ROUTINE.

Take a trial balance of the ledger, preparatory to closing the same. [This trial balance does not need to go on permanent record.]

Credit the following inventories to the proper titles: Coal, wood, salt, and cement on hand worth \$1,009.50; grain on hand worth \$568.28; oats shipped to Stacey & Stevens, not yet reported sold, worth \$135; teams worth \$675; town lot worth \$850; rent and insurance prepaid and unexpired amount to \$52.75; hay and oats on hand for teams worth \$7.50; books and postage on hand \$6. The wages due our clerk and teamsters, and not yet paid, amount to \$15.25.

Close the ledger, carrying the net gain and debit in personal account to the investment account in order to show the proprietor's present interest in the business. As the accounts are to be continued in the same ledger, carry the resource and liability balances and inventories down in their respective accounts, and take a trial balance of the ledger after all balances are brought down, recording the trial balance in the continued trial balance book.

8

H. Miner has entered into partnership with the student, to continue the business under the firm name of (Student) & Miner. The partners are to make equal investments, and share equally in gains and losses.

H. Miner invests \$2,500 in bank drafts which are deposited in the bank as cash.

The student draws out \$517.50 per check, leaving his net investment equal to Miner's.

Received cash from Howard & Payne in payment of their note due today \$250.

Received a second consignment of flour from the Crescent Milling Co., consisting of 300 sacks, which we are to sell for them on commission on same terms as those of the former consignment.

Bought of A. C. Kirby the lot, warehouse and coal sheds, which we now occupy, for \$3,000; giving in part payment our vacant lot valued at \$1,000, estimating as part payment \$35 for unexpired rent which we have prepaid, giving our check for \$965 and our note at 60 days, bearing interest at 8 per cent, for the remaining \$1,000. [Journal, Cash Book and Bill Book.]

9

Received advice from Stacey & Stevens of the sale of oats shipped on the 6th inst., reporting the net proceeds to our credit \$176.50.

Accepted the Union Coal Company's draft on us at 3 days for \$200, payable at the Commercial Bank, to apply on our account.

Gave our check to pay the Akron Cement Company's sight draft on us for \$100, to apply on our account.

Received cash of Lee & Lacey to apply on account \$20.

Gave checks for purchases of grain, as follows: Henry Martin, corn in the ear, gross weight of load 3,936 lbs. less weight of empty wagon 996 lbs., at 34c per bu., estimating 70 lbs. to the bushel. C. Carter, corn in the ear, first load weighing 4,012 lbs. less 1,002 lbs., second load 4,039 lbs. less 959 lbs., third load 4,145 lbs. less 995 lbs., @ 35c per bu. Howard Dutton, barley, 48 lbs. per bu., first load weighing 3,138 lbs. less 978 lbs., second load 2,907 lbs. less 987 lbs., third load 3,167 lbs. less 1,015 lbs., @ 56c per bu.

Sold 20 sacks flour for cash @ \$1.35.

Sold James Creston 15 bbls. cement @ \$3, receiving in payment his note at 3 days, payable at our office.

Sold 15 tons hard coal for cash @ \$8.

Deposited cash in bank \$400.

10

Received cash of Henry Preston \$100, and his new note at 30 days bearing interest at 6 per cent for \$50, to pay his note due this day.

Paid our note of \$500 favor James Crosby, receiving a discount equal to interest on the note at 10 per cent for the days it has yet to run, before maturity, and giving our check for the proceeds \$498.06. [Journal and Bill Book.]

Shelled all corn on hand and shipped the same to Morey & Lane, New York, to sell on our account and risk.

Gave checks for purchases of grain as follows: C. Hartson, 2 loads oats, 2,791 lbs. less 959 lbs., and 2,758 lbs. less 998 lbs. @ $30\frac{1}{2}$ c per bu., estimating 32 lbs. per bu. P. Magoon, 1 load oats, 2,879 lbs. less 959 lbs. @ 30c per bu.

Bought of Howard Preston, giving our due bill in payment, 3 loads oats, 3,030 lbs. less 1,002 lbs., 2,615 less 999 lbs., and 2,782 lbs. less 998 lbs. @ 31c per bu.

Sold to the Crescent Milling Co. 300 bu. wheat @ 85c, to apply on their second consignment account. Gave our check for \$15 to the Commercial Railway to prepay freight on the wheat.

Received cash for 5 loads corn cobs @ \$1.25 per load.

Sold for cash 10 bbls. cement @ \$3, 25 sacks flour @ \$1.35, 20 bu. oats @ 35c.

Paid cash for straw for bedding teams \$3.50.

Deposited cash in bank \$170.

11

Drew cash from bank on our check \$40, for use in cash payments.

Paid cash for workmen's wages to date \$62.50.

Gave C. E. Hartson our check for \$175 for labor and material in fitting an office for rent in our warehouse building.

Made the following sales for cash: 60 sacks flour @ \$1.35, 5 tons hard coal @ \$8, 20 bbls. salt @ \$1.40, 15 bu. oats @ 36c.

Sent our sight draft on Stacey & Stevens to the Prospect Mining Co. to pay the balance due the latter firm.

Received cash from R. Jennings to pay his note due today \$35.

Received cash of A. I. Lane \$17.50 for rent of the office we had fitted up in the warehouse building.

Sold to M. E. Magnus for cash 400 bu. barley @ $62\frac{1}{2}$ c per bu.

Paid cash for gas bill \$2.75.

Drew on Howard & Payne for the balance due from them, making the draft payable to our bank at sight and leaving the draft at bank for collection. [Make a memorandum entry in the journal; but make no credit until advised that the draft has been paid.]

Deposited cash in bank \$450.

Make a proof sheet of the ledger, and record the same in the continued trial balance book.

12

Gave a check for \$214.50 to pay our note favor the Union Coal Co., due today.

Sold our sight draft on Stacey & Stevens for \$250 to R. M. Patterson for cash.

Bought of Union Coal Co. on account 75 tons hard coal @ \$5.15. Gave a check to the Commercial Railway to pay freight on the coal \$112.50.

Settled in full with the Akron Cement Co., giving them a sight draft on Stacey & Stevens for the balance due them \$57.50.

Sold Lee & Lacey on account 10 tons hard coal @ \$7.50, 20 sacks flour @ \$1.30.

Exchanged our single horse and wagon for a heavy double team and wagon, giving a check for \$190, to pay the difference.

Paid A. C. Kirby cash \$10 for \$1,000 of unexpired insurance on the warehouse we bought of him, which the insurance company has transferred to us. [Debit Real Estate.]

Sold H. Martin on account 10 sacks flour @ \$1.35, 15 bu. oats @ 41c.

Received cash of L. Bacon for his note due today \$49.50.

Gave C. E. Hartson a check to pay for labor and materials used in completing an addition to our warehouse \$1,050.

Made the following sales for cash: 5 bbls. cement @ \$3.10, 8 tons hard coal @ \$8, 5 tons soft coal @ \$4.50, 4 bbls. salt @ \$1.40, 20 sacks flour @ \$1.35, 12 bu. oats @ 41c. [Three entries.]

Deposited cash in bank \$400.

13

Gave C. E. Hartson our note for \$400, due on demand, for labor and materials used in building a barn for our teams on our lot adjacent to the warehouse.

Gave a check to Howard Preston to pay the due bill given him on the 10th inst. \$52.58.

Received an account sale from Morey & Lane, of the corn shipped to them on the 10th inst., enclosing a bank draft for the net proceeds \$257.25.

Received cash from the Central Feed Co. to pay for storage of their grain and merchandise in our warehouse \$17.25.

The Union Coal Co. have drawn three drafts on us, as follows: Draft payable on demand for \$65.20, which we have paid at once by check; a draft at 30 days for \$200, and a draft at 60 days for the balance due them, both of which we have accepted to-day. [Journal, Cash Book and Bill Book.]

Received cash of H. Martin to balance his account \$46.65.

Sold Howard & Payne 20 tons hard coal @ \$7.25, receiving their note at 30 days for \$100, and cash for the balance.

Received cash of P. M. French in full of account \$11.

Paid cash for 1 ton hay for feeding teams \$9.

Our draft on Howard & Payne, left at bank for collection 11th inst., has been paid and the bank has entered the proceeds to our credit as a deposit, after deducting 25 cents for collection charges.

Deposited cash in bank \$425.

15

A fire broke out in the barn yesterday and spread to the warehouse and coal shed, destroying all grain and merchandise on hand and the balance of flour belonging to the Crescent Milling Co., also destroying the warehouse, barn, wagons, harness and horses, nothing being saved but the account books, notes and cash.

Received cash of J. Creston in payment of his note \$45.

Gave our check for \$200, to pay our acceptance favor the Union Coal Co., due to-day.

Paid cash to A. I. Lane \$12.50, for office rent unexpired which he paid in advance before the fire.

Paid cash for workmen's wages to date \$32.50.

16

Received \$1,000 in cash from the insurance company to pay for the insurance on the warehouse destroyed yesterday.

H. Miner has become discouraged on account of the recent losses and proposes to withdraw from the firm. By mutual agreement the partnership is dissolved and H. Miner withdraws, taking cash \$1,000 for his entire interest in the business. [Enter in Journal and Cash Book.]

The student has become sole proprietor of the business, having authority to collect all resources due from other persons, and assuming payment of all liabilities of the firm.

Paid cash for advertising the dissolution of the partnership \$5.

The insurance company has adjusted and paid our loss on grain and merchandise, covered by the policy issued on the 5th inst., allowing the following amounts: \$78.40 for grain, \$1,004 for merchandise belonging to the firm, and \$152.25 for the flour in our possession and belonging to the Crescent Milling Co.

Rendered an account sale to the Crescent Milling Co., charging them \$30 for commission on flour, and sending them a check for \$75.50, to pay the balance of the proceeds of their second consignment.

Deposited cash in bank \$1,225.

Make a proof of the ledger and record the same in the continued trial balance book.

Enter the following inventories, preparatory to closing the ledger: The lot on which the warehouse stood is worth \$1,500. Accrued interest on our note favor A. C. Kirby amounts to \$1.78, and accrued interest on H. Preston's note, our favor, amounts to 5 cents.

Close the ledger, carrying all resources and liabilities into balance account. The student's net worth at closing is \$1,247.89.

TEST QUESTIONS.

1. Did the student gain or lose by purchasing Miner's interest in the business, and how much?

2. What would have been the student's net worth at closing, if he had not purchased Miner's interest in the business?

Changing From Single to Double Entry.

The process of changing from Single Entry to Double Entry bookkeeping is very simple. The historical journal will take the place of the single entry day book. The double entry cash book differs from the single entry cash book only in giving the ledger title for every cash entry. The note book is usually kept the same in each system. The double entry ledger retains all accounts kept in the single entry ledger and adds to these the accounts with notes, property and incidental titles, such as Expense, Interest and Discount, etc.

Before changing the books a statement should be made, giving the resources and liabilities. This statement should be journalized, debiting each resource and crediting each liability under its appropriate title, and crediting the proprietor for his net worth, which would make the debits and credits equal.

The following is the opening journal entry made from the statement given on page 29, changing the system to double entry.

COLLEGE CITY, FEB. 6, 189----

Continued the business from Set Two, with resources and liabilities journalized as follows:

R. E. Lee,	140 50	
A. E. Blair,	1 50	
J. Q. Adams,	1 98	
Union Woolen Mills,	350	
Lee & Shepherd,	157 50	
Cash,	279 66	
Merchandise,	641 45	
Expense,	15	
James Dawes,		30
M. E. King,		34
Hart & Co.,		499 44
L. A. Kemp,		11 42
H. S. Lowry,		30 22
Student,		982 51

As a drill in changing from single to double entry, the student may journalize the statements made from the examples for practice, given on pages 28 and 30.

If the personal accounts are to be continued in the same ledger, and there are a considerable number of them, it will not be necessary to itemize these personal debits and credits in the opening entry, but merely group them as "Debits on Ledger" and "Credits on Ledger," and give only the new titles that did not appear on the single entry ledger.

The opening journal entry of Set Five illustrates such a change, as the personal accounts are to be continued, and the same ledger is to be used as had been used in Set Three.

Balance Sheets.

The Balance Sheet is a combination of the proof sheet and statement. It is a convenient form of showing the condition of all ledger accounts, and also the condition of the business at any given date.

It consists usually of six amount columns, two being used for the ledger debits and credits, two for balances and inventories showing resources and liabilities, and two for balances showing losses and gains.

The inventory amounts should be written in red ink, to indicate that they are not balances from the ledger debits and credits. The difference between the losses and the gains is written in red ink in the smaller of these columns. If the business belongs to one proprietor, the balance entry in loss or gain column is written in one amount; if the business belongs to partners, the balance entry, showing the net gain or loss, is divided according to contract, and a red ink entry is made for each partner's share. These amounts are extended in black ink to the liability column, if they are gains, and to the resource column if they are losses, after which the resource and liability columns will be equal.

The balance sheet is ruled in two different forms, as indicated below. In form one the six columns are all placed on the right hand side of the titles; and in form two the ledger debits, resources and losses are placed on the left of the titles, and the ledger credits, liabilities, and gains are placed on the right of the titles.

In the balance sheets given below, the debit and credit columns represent the proof sheet of a ledger. The inventory of merchandise unsold amounts to \$1,968.88 and of prepaid expenses amounts to \$300.

[Balance Sheet—Form One.]

Brown & Bentley's Balance Sheet

Dec. 31st, 189--	Debits.	Credits.	Resources	Liabilities	Losses	Gains
A. M. Barton	65 37	56 35	9 02			
C. E. Longley	113 08	100	13 08			
R. Norton	17 98	33 75		15 77		
H. A. Summers	114 06	310		195 94		
H. C. Morton		124 25		124 25		
J. G. Storey		99 29		99 29		
Merchandise	3303 04	1792 70	1968 88			458 54
G. A. Smith	126 28	65	61 28			
Charles Mason	110 45	50	60 45			
Henry Cushman	40 65	30	10 65			
R. E. Carter	175	305		130		
C. G. Lane	213 84	83 50	130 34			
Bills Receivable	570	520	50			
Expense	383 75		300		83 75	
Interest and Discount	2 48	24 02				21 54
Bills Payable	371 25	866 75		495 50		
Cash Balance	128 10		128 10			
Bank Balance	1802 28		1802 28			
M. I. Brown (Partner)	100	1638 50		1538 50		
H. Bentley (Partner)	50	1588 50		1538 50		
Brown's ½ Net Gain				198 17	198 17	
Bentley's ½ Net Gain				198 16	198 16	
	7687 61	7687 61	4534 08	4534 08	480 08	480 08

(Red ink amounts are indicated by italics.)

[Balance Sheet—Form Two.]

Brown & Bentley's Balance Sheet.

Losses.	Resources	Debits	Dec. 31, 189..	Credits	Liabilities	Gains
	9 02	65 37	A. M. Barton	56 35		
	13 08	113 08	C. E. Longley	100		
		17 98	R. Norton	33 75	15 77	
		114 06	H. A. Summers	310	195 94	
			H. C. Morton	124 25	124 25	
			J. G. Storey	99 29	99 29	
	1968 88	3303 04	Merchandise	1792 70		458 54
	61 28	126 28	G. A. Smith	65		
	60 45	110 45	Charles Mason	50		
	10 65	40 65	Henry Cushman	30		
		175	R. E. Carter	305	130	
	130 34	213 84	C. G. Lane	83 50		
	50	570	Bills Receivable	520		
83 75	300	383 75	Expense			
		2 48	Interest and discount	24 02		21 54
		371 25	Bills Payable	866 75	495 50	
	128 10	128 10	Cash Balance			
	1802 28	1802 28	Bank Balance			
		100	M. I. Brown (Partner)	1638 50	1538 50	
		50	H. Bentley (Partner)	1588 50	1538 50	
198 17			Brown's ½ Net Gain		198 17	
198 16			Bentley's ½ Net Gain		198 16	
480 08	4534 08	7687 61		7687 61	4534 08	480 08

(Red ink amounts are indicated by italics.)

PRACTICE IN BALANCE SHEETS.

The student may rule paper and make balance sheets from the following ledger proofs:

*Henry Sherman's Proof Sheet, June 30, 189..**John J. Aiken's Proof Sheet, March 31, 189..*

Henry Sherman (Proprietor)	50	1982 51
R. E. Lee	140 50	117 03
James Dawes	35	30
M. E. King	29 68	34
Hart & Co.	714 19	917 17
A. E. Blair	143 25	156
L. A. Kemp	110 50	93 92
J. O. Adams	23 78	21
R. O. Mills	132	50
H. S. Lowry	43 28	30 22
Lee & Shepard	577 50	500
Merchandise	1974 68	1290 48
A. R. Davis	127 25	75
M. M. Parton	242 50	127 50
Produce	1268 25	1102 50
J. G. Gilbert	327 75	250 25
Expense	130 10	
Interest and Discount	34 54	52 27
C. M. Brown	125	25
Real Estate	2275	1750
P. A. Newton	457 28	237 50
Morgan & Lee	737 50	1529 75
Cash Balance	672 57	
	10372 10	10372 10

John J. Aiken (Proprietor)	950	2000
Bills Payable		1275
College Bank	3730 72	1210 21
Cyrus Carter	345	120
G. H. Hartson	280 35	155 35
A. B. Jenkins	1375	765
L. F. Totten	145	45
W. E. Sutton	290 75	365 75
R. M. Parton	181 54	81
C. A. Rogers	29 29	19
R. V. Smiley	150	360 83
Interest	17 50	42 50
Expense	171 25	
Bills Receivable	2965	1915
Discount	18 25	12 26
P. A. Farley	125	1175
Merchandise	4567 70	5615 20
B. C. Kramer	251	126
French & Ford	2625 40	3915 65
Loss and Gain	115	295
John C. Newlin	31 75	
H. B. Parker	126 25	298 85
Real Estate	3125	3375
Grain	717	326 15
Cash Balance	1160	
	23493 75	23493 75

Sherman's inventory shows the following resources and liabilities not shown on the ledger. Merchandise unsold \$1075, produce unsold \$275, prepaid expenses \$67.50, real estate unsold \$900, unpaid wages due clerks \$31.50.

Aiken's inventory shows the following resources and liabilities not shown on ledger: Merchandise unsold \$1265.25, accrued interest on notes payable \$17.50, accrued interest on notes receivable \$39.25, balance due clerks \$27.50, rent prepaid \$33.33, insurance prepaid \$7, grain unsold \$325.

SET FIVE.

DOUBLE ENTRY FOR PARTNERSHIP ACCOUNTS.

This set is a continuation of the business from Set Three, page 41. The statement made at the close of Set Three is journalized as the opening entry of Set Five.

The historical journal, cash book, note book, and ledger should be used as in Set Four. The cash book, note book, and ledger blanks used in Set Three should be continued in Set Five, and the day book used in Set Three should be used for a historical journal in Set Five.

Space was reserved in opening accounts in Set Three, to allow for continuing these accounts in Set Five. The new ledger accounts required in Set Five will require space as follows: Bills Receivable 7 lines, Merchandise 32 lines, Expense 15 lines, Interest and Discount 15 lines, Bills Payable 10 lines, Loss and Gain 6 lines.

If the ledger accounts of Set Three are to be continued in Set Five, the opening journal entry will be as follows:

COLLEGE CITY, OCT. 14, 189..

Continued the business from Set Three, journalizing the statement of Oct. 13, 189..			
Debits on Ledger		185	
Cash Balance		29 03	
Bank Balance		625 61	
Bills Rec.		570	
Merchandise		2537 76	
Expense		270	
Interest and Discount		2 48	
Credits on Ledger			3527 63
Bills Payable			692 25

If a new ledger is to be used for Set Five, the opening journal entry should contain each personal debit and credit given in the statement on page 42, each partner having credit for his net worth.

TRANSACTIONS.

OCTOBER 14, 189----

Continued the business from Set Three, with resources and liabilities as given in the statement on page 42.

Bought of R. Newland on account 20 lbs. butter @ 15c, 12 doz. eggs @ 12½c. Sold R. Newland on account 1 bbl. apples @ \$2.25, 20 lbs. C sugar @ 5¾c, 3 lbs. Rio coffee @ 20c.

Received from Norton & Quinn on account 50 baskets grapes @ 20c, 10 bbls. Bartlett pears @ \$4.

Gave a check to the Commercial Railway to pay freight on grapes and pears \$7.

Sold H. Emery on account 10 lbs. G sugar @ 6c, 3 lbs. butter @ 18c, 1 gallon vinegar @ 30c, 3 lbs. Rio coffee @ 20c.

Received invoice of groceries from Archer & Parton, amounting to \$99.29, billed on account with an offer of 2½ per cent discount if paid in 10 days.

Gave a check to the Commercial Railway to pay freight on above invoice \$3.29.

Sold O. Sherman on account 2 bbls. Bartlett pears @ \$5, 15 baskets grapes @ 28c, 5 bbls. apples @ \$2. Received from him cash to apply on account \$10.

Received cash from Charles Trenton to apply on account \$15.

Sold Reed & Young on account 3 bbls. apples @ \$2, 2 bbls. Bartlett pears @ \$5, 11 baskets grapes @ 28c.

Sold E. C. Martin on account 6 bbls. apples @ \$2, 1 bbl. Bartlett pears @ \$5, 12 baskets grapes @ 28c. Received from him cash to apply on account \$50.

Sent C. Crisman our check for \$60 to balance his account.

Paid cash for stove for heating room \$27.50. [Expense.]

Received cash of H. Emery in full of account \$5.39.

Paid cash for cleaning store room \$2.25.

Norton & Quinn have offered us 5 per cent discount on invoice received this morning, if paid in 5 days. Accepted their offer and sent them our check for the proceeds of the invoice after discount, \$47.50.

Cash sales of merchandise amount to \$79.49.

Deposited cash to farmers for sundry produce \$17.50.

Deposited cash in bank \$125.

15

Deducted the discount offered by Archer & Parton in their invoice recorded 12th inst. in Set Three, and sent them our check for \$114.24, for the proceeds of the invoice after deducting a discount of \$6.01.

Received Norton & Quinn's invoice of grapes and quinces amounting to \$20, bought of them on account.

Paid cash for express charges on last invoice \$3.50.

Sold Henry Carter on account 5 baskets quinces @ 65c, 10 baskets grapes @ 28c, 1 bbl. Bartlett pears @ \$5.25, 10 bu. potatoes @ 40c. Received cash from him to apply on account \$20.

Paid cash for coal for heating store room \$7.

Received cash from Reed & Young to apply on account \$50.

Sold Charles Marvin on account 5 bbls. apples @ \$2.10, 10 bu. potatoes @ 41c, 3 baskets quinces @ 65c.

Accepted Norton & Quinn's draft on us at 10 days for \$34.50, the amount of their invoice credited 11th inst., the draft being in their favor.

Sold Myron Jones on account 20 lbs. C sugar @ 5c, 10 lbs. butter @ 18c, 2 baskets grapes @ 35c, 1 sack flour @ \$1.65.

Sold Smith & Lee on account 20 bu. potatoes @ 41c, 5 bbls. apples @ \$2.10, 2 bbls. Bartlett pears @ \$5. Received from them cash \$25 to apply on account.

Paid cash for postage and stationery for office use \$3.50.

Sold Chas. Trenton on account $\frac{1}{2}$ lb. Japan tea @ 70c, 25 lbs. flour @ $3\frac{1}{2}$ c, 3 lbs. raisins @ 10c, 1 sack salt @ 10c.

Received cash from Myron Jones to apply on account \$12.50.

Gave a check for \$22.50 to pay our acceptance favor Norton & Quinn due 16th inst.

Cash sales of merchandise amount to \$60.93.

Received cash from Myron Jones in full of account \$8.94.

Deposited cash in bank \$90.

17

M. I. Black has paid his note that falls due Nov. 12, giving us cash for the face \$200, and for interest on the same to date \$1.23.

Bought of C. Crisman, of Leesburg, on account, 2 car loads potatoes, 800 bu. @ 30c.

Gave a check to the Commercial Railway to pay freight on the potatoes \$60.

Bought of R. Newland on account 50 lbs. dressed chickens @ $12\frac{1}{2}$ c, 30 lbs. butter @ $16\frac{1}{2}$ c, 20 doz. eggs @ $12\frac{1}{2}$ c. Sold him on account 1 sack P. P. flour @ \$1.65, 20 lbs. graham @ 3c, 30 lbs. C sugar @ $5\frac{3}{4}$ c; and paid him cash on account \$5.

Received Norton & Quinn's invoice of quinces and grapes amounting to \$27.50, bought of them on account subject to 5 per cent discount if paid in 5 days.

Paid cash for express charges on last invoice \$3.25.

Sold Henry Carter on account 25 bu. potatoes @ 45c, 12 baskets grapes @ 33⅓c. Received cash from him in full of account \$20.65.

Paid cash for drayage of potatoes from cars \$10.

Sold O. Sherman on account 10 baskets quinces @ 65c, 5 baskets grapes @ 33⅓c, 15 bu. potatoes @ 45c. Received cash from him to apply on account \$12.50.

Paid cash for advertising the business \$11.75.

Received cash from Chas. Marvin on account \$20.

Sold Smith & Lee on account 5 baskets quinces @ 65c, 10 baskets grapes @ 33⅓c, 15 bu. potatoes @ 45c.

Paid cash for feed and care of horse used in the delivery wagon \$7.75.

Gave a check for \$19 to Norton & Quinn to pay for their invoice received 15th inst., after deducting a discount of \$1.

Cash sales of merchandise amount to \$75.63.

Received cash from C. Trenton in full of account \$5.32.

Deposited cash in bank \$300.

Take a proof sheet of the ledger and cash book and record the same in your trial balance book.

18

Gave a check to pay C. Crisman's sight draft on us for \$100 to apply on his last invoice, and accepted his draft at 5 days for \$80, and his draft at 10 days for \$60, for balance of last invoice of potatoes, the drafts being drawn payable to A. C. Upton.

Discounted Meade & Morton's invoice, recorded 11th inst. in Set Three at the rate they offered, and sent them our check for \$171.45, to pay the proceeds of the invoice after deducting a discount of \$5.30.

Received Norton & Quinn's invoice of grapes, quinces, and pears amounting to \$52.50, bought of them on account subject to 5 per cent discount if paid in 10 days.

Gave check to the Commercial Railway to pay freight on the last invoice \$5.75.

Sold E. C. Martin on account 20 bu. potatoes @ 45c, 8 baskets grapes @ 33⅓c, 2 bbls. Bartlett pears @ \$5.10. Received of him cash to apply on account \$35.

Paid cash for clerk's wages to date \$25.

Received invoice from Meade & Morton of groceries amounting to \$119.25, purchased of them on account with a discount offer of 2½ per cent if paid in 10 days.

Paid cash for freight on last invoice \$6.25.

Sold Reed & Young on account 7 baskets quinces @ 65c, 5 bbls. apples @ \$2.15, 1 bbl. Bartlett pears @ \$5. Received cash from him to apply on account \$25.

Gave check to pay our acceptance favor Norton & Quinn, due to-day, \$28.75.

Cash sales of merchandise amount to \$77.12.

Deposited cash in bank \$130.

19

Gave a check for \$20 to pay our acceptance favor Norton & Quinn due to-day.

C. L. Lewis has paid his note not yet due, giving us cash for the face \$250, and for interest to date \$1.63.

Paid R. Newland cash on account \$5. Bought of him on account 10 bu. turnips @ 30c, 20 head cabbage @ 7½c.

Sold O. Sherman on account 50 bu. potatoes @ 42½c, 6 baskets grapes @ 33⅓c. Received cash from him in full of account \$26.02.

Paid cash for repairs on delivery wagon \$3.25.

Sold Reed & Young on account 6 bbls. apples @ \$2.10, 2 bbls. Bartlett pears @ \$5.10.

Paid our acceptance favor Meade & Morton before it fell due, giving a check for the proceeds \$174.56, after deducting a discount of 44 cts.

Paid cash to farmers for butter, eggs, and dressed chickens \$17.50.

Sold Smith & Lee on account 25 bu. potatoes @ 43c, 5 bbls. apples @ \$2.12½c, 3 baskets quinces @ 66⅔c. Received cash from them in full of account of \$51.28.

Paid cash for painting sign over our store room \$22.50.

Sent our check for \$26.12 to Norton & Quinn to pay the proceeds of their invoice received 17th inst., less a discount of \$1.38.

Sent a check for \$116.27 to Meade & Morton to pay their invoice credited 18th inst., after deducting a discount of \$2.98.

Cash sales of merchandise amount to \$81.19.

Deposited cash in bank \$325.

20

Paid R. Newland cash to balance his account \$5.77.

Received cash from E. C. Martin in payment of his note due-to-day \$70.

Paid cash for acceptance favor Norton & Quinn due to-day \$25.

Received cash of Reed & Young in full of account \$37.06.

Sent a check for \$93.30 to Archer & Parton to pay their invoice credited 10th inst., in Set Three, after deducting a cash discount of \$1.90.

Sold E. C. Martin on account 15 bu. potatoes @ 43c, 5 baskets quinces @ 65c. Received cash from him in full of account \$28.08.

Paid cash for gas bill to date \$3.25.

Sold Chas. Marvin on account 5 bbls. apples @ \$2.12½, 2 bbls. Bartlett pears @ \$5, 20 bu. potatoes @ 43c. Received cash from him in full of account \$40.45.

Sent a check for \$49.87 to Norton & Quinn to pay their invoice recorded 18th inst., after deducting the cash discount they offered \$2.63.

Cash sales of merchandise amount to \$77.29.

21

Sent a check for \$96.81 to Archer & Parton to pay their invoice credited 14th inst., after deducting a discount of \$2.48.

Received cash of Charles Marvin \$50 in payment of his note.

Deposited cash in bank \$225.

Take a proof sheet of the ledger and cash book and make a balance sheet, using the following inventories:

Merchandise unsold \$2,768.88, horse and wagon \$240, unexpired rent \$10, stove and office sign \$50. Make no closing entries in the ledger.

Make a list of the amounts of unpaid notes payable as recorded in your note book, and see if their totals agree with the balance of your ledger account with Bills Payable.

The firm have decided to dissolve partnership, Patterson continuing the business, and the student withdrawing from the firm to engage in the wholesale grocery business exclusively.

Patterson takes the merchandise on hand and the expense items prepaid, as given in the balance sheet. [Journalize, debiting Patterson and crediting Mdse. and Expense.]

Patterson assumes payment of the firm's notes payable. [Journalize this transaction, debiting Bills Payable and crediting Patterson.]

Patterson pays cash to the firm \$878.91, to balance his investment account after receiving credit for his share of the net gain.

The student draws out all cash on hand and in bank, to balance his investment account, after receiving credit for his share of the net gain.

The student may close and balance the ledger.

SET SIX.

DOUBLE ENTRY FOR WHOLESALERS.

The following set has been prepared to present in a practical manner the general routine of a wholesale dealer, and to illustrate the use of each book as a book of original entry, from which debits and credits are posted to the ledger. We will briefly describe the books used, and the process of posting from each one to the ledger.

THE SALES BOOK.

All sales at wholesale, whether for cash or on account, are itemized in the sales book, in order that a duplicate bill may be made of any purchase, if it is requested at any time. The sales book should give the address of all out of town customers.

If a discount is given on the sale at the time the sale is made, the discount should be deducted, before the amount of the sale is extended to the amount column. If a three column sales book is used, the first money column may be used for items, the second for discount entries, and the last for net amounts.

If a discount is offered, conditional upon payment being made at some specified time, a memorandum of the discount offer should be made in the sales book, but no amount should be deducted from the sale, unless payment is made before it is posted.

The amounts in the last column of the sales book are added, and the totals are forwarded from page to page until the end of the month, when they are posted to the general ledger. (The sales book is illustrated on page 98.)

THE THREE COLUMN CASH BOOK.

A special column is reserved on the received side of the cash book for entries that belong to the sales ledger, and another special column for Interest and Discount entries. Cash received that requires entry in other accounts than the two named above, will be carried to the general column.

Special columns are also reserved on the credit side of cash account for entries that debit Expense and Interest and Discount, all other payments being extended to the general column.

If a purchaser is debited for the amount of a sale, and he accepts our discount offer and pays the bill less the cash discount, we should enter the entire amount of the bill on the received side of cash, in the Sales Ledger column, and enter the discount deducted on the paid side of cash in the Interest and Discount column. The difference between the revised and paid entries will be the cash actually received.

If a note or acceptance is received for a sale, it should be entered in cash received and carried to the Sales Ledger column, and in order to keep the cash balance correct and get a debit for Bills Receivable, it should also be entered as cash paid, to the debit of Bills Receivable. This enables us to show the credits that belong to the sales ledger, in the special column in the cash book, and also to get the debit for Bills Receivable without disturbing the cash balance.

Whenever the general ledger is to be posted and a trial balance taken, usually once a month, the totals of the special column are extended to the general columns, after which the cash is balanced in the usual manner. (The cash book is illustrated on pages 96 and 97.)

THE THREE COLUMN JOURNAL.

The Journal is used for such entries as can not be fully recorded in the sales book and cash book. A special column is used for merchandise debits.

Some merchants employ a separate book, called an invoice or purchase book, for recording purchases of merchandise; but in any ordinary business, this extra book may be dispensed with, and the amount of each invoice may be entered in the journal and extended to the merchandise column.

The merchant usually receives an invoice or bill of the merchandise he purchases, in which case he does not need an itemized record of the same in the journal. These invoices should be numbered in the order in which they are received, and filed or pasted in a blank book arranged for invoices. The journal entry will merely give the amount and terms of each purchase, and refer to the invoice by number for explanations; as "Invoice No. 1," etc.

If all merchandise debits from the cash book are carried to the merchandise column in the journal, we will avoid the frequent posting of such debits in the ledger, as the total of this special column will be posted only when other special columns are posted. (The journal is illustrated on page 95.)

THE BILL BOOK.

The bill book is used in wholesaling, the same as in other varieties of bookkeeping. The bill book may be omitted in this set, as there are only two notes received in the transactions.

THE SALES LEDGER.

The ledger accounts with customers may be kept in a separate book from the general accounts, so that a trial balance of the latter may be taken at any time without the labor of listing and balancing all of the customers' accounts.

In posting the sales ledger each customer will be debited with the amount of his purchases, as recorded in the sales book, and credited with cash or notes received from him, as recorded in the cash book.

According to the best usage of wholesale merchants, every regular customer is given an account in the sales ledger, even if he buys for cash. He will be debited with the net amount of each sale and credited with the cash received, in order to show the merchant the volume of sales to each customer during the year. Such information is worth far more to the merchant than the cost of the extra labor of posting the debits and credits of cash customers. If the party buying for cash is a transient customer, he would not have an account in the sales ledger.

If frequent sales are made to firms who do not have regular ledger accounts, and the goods are sent out C. O. D., it is advisable to group such entries in the ledger under the title "C. O. D. Account." A line is reserved for each sale, the date, the name of the firm to whom the sale is made, the folio of the sales book, and the net amount of the sale being recorded on the debit side, and the same line on the credit side being reserved for recording the payment of the bill. (The C. O. D. account is illustrated on page 96.)

THE GENERAL LEDGER.

The accounts in the general ledger are posted from the sales book, cash book, and journal.

From the sales book, the total sales for the month are posted to the debit of an account with the Sales Ledger and credited to Merchandise. (The Sales Ledger account is illustrated on page 97.)

From the cash book, the entries in the general columns are posted, as in the ordinary cash book. The totals of the special columns in the cash book are carried to the general columns, before cash is balanced, and these totals are posted to the general ledger, the same as other cash entries.

From the journal all entries are posted to the general ledger, except merchandise debits, which are posted in total once a month.

TRANSACTIONS.**NOVEMBER 1, 189--**

C. A. Carpenter and the student have formed a partnership as wholesale dealers in groceries, under the firm name of C. A. Carpenter & Co. Each partner is to receive a salary of \$100 per month, after which the net gain or loss is to be shared by each according to his average investment.

C. A. Carpenter invests a stock of merchandise inventoried at \$5160.25, and cash \$839.75.

The student invests cash \$1500.

Paid cash \$250 for one month's rent of store building, with the privilege of re renting office rooms on third floor.

Received an invoice of sugar, etc., of Kephart & Co., Philadelphia, amounting to \$501.50, on account for 60 days, with a discount offer of $1\frac{1}{2}$ per cent, if paid within 10 days.

Paid cash \$55 for freight and drayage on above invoice.

Sold James Lee, Vinton, 2 bbls. A sugar, 300 and 305 lbs. @ $4\frac{1}{2}$ c, 2 bbls. G sugar 315 and 318 lbs. @ $4\frac{3}{4}$ c, 1 bbl. amber syrup, 45 gals. @ 42c, 1 bbl. New Orleans (N. O.) molasses, 48 gals. @ 38c, charging for drayage to depot 50 cts. Billed on account 30 days, with a discount offer of 2 per cent, if paid in 10 days.

Sold Kingman & Co., Toledo, 3 bbls. C sugar, 315, 315 and 317 lbs. at 4c, 2 bbls. Porto Rico (P. R.) molasses, 48 and 50 gals. @ 33c, 2 bbls. A sugar, 307 and 309 lbs. @ $4\frac{1}{2}$ c, charging for drayage 60 cts. Billed on account 30 days, with a discount offer of 2 per cent if paid in 10 days.

Received an invoice of tea, coffee, etc., of Grant, Kennedy & Co., New York, amounting to \$1459.74, bought on account for 30 days, with a discount offer of 2 per cent if paid in 15 days.

Paid cash \$39.30 for freight and drayage on above invoice.

Sold E. M. Bundy, Deerfield, 2 bbls. C sugar, 320 and 325 lbs. @ 4c, 2 bbls. amber syrup, 44 $\frac{1}{2}$ and 45 gals. @ 42c, 1 chest English breakfast (E. B.) tea, 45 lbs. @ 45c, 2 sacks Rio coffee, 140 and 142 lbs. @ 18c, charging for drayage 25 cts. Deducted a discount of 2 per cent on sugar and syrup, and 3 per cent on tea and coffee, and received cash for the proceeds after discount.

Paid cash for letter circulars for advertising the new firm \$6.25.

Sold E. C. Martin, city, 1 sack Rio coffee, 150 lbs. @ 18c, 1 chest Y. H. tea, 70 lbs. @ 40c. Billed on account.

2

Sold Henry Thompson, Thompsonville, 2 bbls. C sugar, 321 and 324 lbs. @ 4c, 1 bbl. N. O. molasses, 47 gals. @ 42c, 1 chest E. B. tea, 44 lbs. at 45c, 1 sack Rio coffee, 151 lbs. @ $17\frac{1}{2}$ c, charging drayage 25 cts. Billed on account 30 days.

Sold Ray Turner, Dayton, 2 chests Y. H. tea, 70 and 72 lbs. @ 40c, 1 chest Japan tea, 65 lbs. at $42\frac{1}{2}$ c, 2 bbls. oat meal, 150 and 150 lbs. at $23\frac{1}{4}$ c, 2 cases canned peaches, 2 doz. cans each @ \$3.25 per dozen, 1 box French prunes, 45 lbs. at $12\frac{1}{2}$ c. Gave a cash discount of 3 per cent on tea, and 2 per cent on other articles, receiving of him cash \$50 and drawing on him at 5 days' sight for balance. Left the draft at bank for collection.

Sold H. Sherman, Creston, 1 sack Java coffee, 100 lbs. at 22c, 2 cases ground coffee, each 60 lbs at $23\frac{1}{2}$ c, 3 sacks rice, each 100 lbs. @ $43\frac{1}{4}$ c, 2 chests E. B. tea, 44 and 45 lbs. @ 45c, 2 bbls. N. O. molasses, 48 and 47 gals. @ 38c, 3 bbls. A sugar, 300, 305 and 309 lbs. @ $4\frac{1}{2}$ c. Billed on account 30 days, with $2\frac{1}{2}$ per cent discount for cash in 10 days.

Received cash from James Lee, to pay yesterday's invoice after deducting the cash discount we offered.

Received an invoice of flour, etc., from A. C. Furlong & Co., Chicago, amounting to \$631.25, bought on account 30 days, with a discount offer of $1\frac{1}{2}$ per cent if paid in 10 days.

Paid cash for freight on last invoice \$26.50, and for drayage on same \$1.25.

Sold C. E. Horton, Galesburg, 2 bbls. A sugar, 311 and 315 lbs. @ $4\frac{1}{2}$ c, 2 bbls. N. O. molasses, 48 and 49 $\frac{1}{2}$ gals. @ 38c, 1 chest Y. H. tea, 69 lbs. @ 40c, 1 sack Rio coffee, 148 lbs. @ 18c, 2 sacks rice, 100 and 102 lbs. @ $43\frac{1}{4}$ c, charging for drayage 25 cts. Gave a cash discount of 2 per cent on the entire bill, receiving cash to apply on same \$40 and sending the balance C. O. D.

[TRANSACTIONS CONTINUED ON PAGE 99.]

Chicago, Nov. 1, 189-

		Mdse. Dr	Other Dr	Cr
	C. A. Carpenter and the Student have formed a partnership as wholesale dealers in groceries, under the firm name of Carpenter & Co. Each partner is to receive a salary of \$100 per mo., after which the net gain is to be distributed according to the average investment of each partner.			
✓	Mdse.	5160 25		
✓	Cash		839 75	
	C. A. Carpenter Invested in business.			6000
✓	Cash		1500	
	Student Invested in business.			1500
✓	Mdse.	501 50		
	Kephart & Co Invoice 60 ds. 1 1/2 % 10 days.			501 50
✓	Mdse.	55		
✓	Cash			55
	Freight & Drayage on above			
✓	Mdse.	1459 74		
	Grant, Kennedy & Co. Invoice 30 ds. 2 % 10 days			1459 74
✓	Mdse.	39 30		
✓	Cash			39 30
	Freight and Drayage on above			
	2			
	Four Entries Omitted	--	--	--
	3			
	Five Entries Omitted	--	--	--
✓	Mdse.	7 75		
✓	Cash			7 75
	Freight & Drayage on above			
	Mdse. Total Debits		9001 18	
			11340 93	11340 93

Nov. 189-

Cash

Dr.

Date	Folio			General	Sales Ledger	Int. & Dis.
1	✓	Journal	C. A. Carpenter	839 75		
	✓	Journal	Student	15 00		
	✓	Sale	E. M. Bundy		131 25	
2		Pay Turner	Sale a/c		50	
		Jas. Lee	Sale a/c		94 94	
	✓	Sale	C. E. Horton		40	
	✓	Discount	Kephart & Co. 1 1/2 %			7 52
		Kingman & Co	Sale a/c		98 54	
3		Expense	Office Rent	10		
		C. O. D. a/c	C. E. Horton		86 72	
		E. G. Martin	Sale a/c		55	
	✓	Sale	Christy & Eckles		95 27	
		Reed & Young	Sale a/c		50	
	✓	Sale	J. A. Strong		45	
		H. Thompson	Note on a/c		100	
		Sales Ledger	Total down	846 72		
		Int. & Dis.	" "	7 52		
				3203 99		
4			Bal. down	2094 82		

C. O. D. Account

189-				189-			
Nov. 2	C. E. Horton	2	86 72	Nov. 3	Cash	1	86 72
3	J. A. Strong	3	109 69	5	Cash	3	109 69
7	J. E. Johnson	7	63 59	10	Cash	3	63 59

Nov 189-

Cash

Cr.

Date	Folio			General	Expense	Int. & Dis.
1	✓	Expense	Rent of Bldg.		2 50	
	✓	Journal	Freight & Dray.	55		
	✓	Journal	"	39 30		
	✓	Expense	Letter Circulars		6 25	
2	✓	Discount	J. Lee 2%			1 90
	✓	Journal	Freight & Dray.	27 75		
		Kephart & Co	Invoice 1st inst.	50 1 50		
	✓	Discount	Kingman & Co. 2%			1 97
	✓	Journal	Freight & Dray.	15 35		
	✓	Expense	Books & Staty.		27 50	
3	✓	Expense	Postage		3 50	
	✓	Expense	Col. C. E. Norton		25	
	✓	Journal	Freight & Dray.	26 25		
	✓	Discount	E. C. Martin 3%			1 65
	✓	Expense	Furniture		37 75	
	✓	Journal	Freight & Dray	5 50		
		Bills Rec.	Note H. Thompson	1 00		
	✓	Journal	Freight & Dray.	7 75		
		Expense	Total down	325 25		
		Int. & Dis	"	5 52		
			Balance (Red)	2094 82		
				3203 99		

Sales Ledger.

189-					189-				
Nov.	3	Sales Book	3	1745 80	Nov.	3	Cash Book	2	846 72
	5	Cash Book	3	49 63		4	Journal	3	88.
	7	Journal	3	75 -		7	Cash Book	4	1124 81
	7	Sales Book	6	1024 05			Balance (Red)		922 07
				2894 48					2894 48
Nov.	8	Balance down		922 07					

Sent cash to Kephart & Co. to pay their invoice recorded yesterday, after deducting the cash discount they offered.

Sold O. Sherman, city, 1 doz. zinc washboards @ \$2.50, ½ doz. No. 1 wash tubs @ \$9, ½ doz. No. 2 wash tubs @ \$8.25, 5 gross matches @ \$2.50, 3 doz. brooms @ \$2.25, 2 doz. clothes lines @ \$2.65. Allowed a list discount of 10 per cent on wash boards and wash tubs, billing on account.

Sold Reed & Young, city, 1 bbl. A sugar, 311 lbs. @ 4½c, 1 bbl. G sugar, 305 lbs. @ 4¾c, 1 bbl. P. R. molasses, 49 gals. @ 33c, 1 chest Y. H. tea, 68 lbs. @ 40c, 5 bbls. XXX flour @ \$5.87½, 1 case oat meal, 48 lbs. @ 3½c, 2 boxes laundry starch, each 48 lbs. @ 5½c. Billed on account.

Received cash from Kingman & Co. to pay yesterday's invoice, less the cash discount we offered.

Received an invoice of dried and canned fruits from Hunter & Parsons, New York, amounting to \$469.29, bought on account for 30 days, with a discount offer of 5 per cent if paid in 10 days.

Paid cash for freight on last invoice \$14.50, and for drayage 85c.

Paid cash for books and stationery for office use \$27.50.

3

Received cash from C. E. Gray for rent of office in third floor of store building for 1 month \$10.

Paid cash for postage \$3.50.

Sold E. M. Bundy, Deerfield, 2 sacks Java coffee, 100 and 103 lbs. @ 22c, 2 sacks rice, each 100 lbs. @ 4¾c, 3 bbls. XX flour @ \$5.50, 3 boxes laundry starch, each 48 lbs. @ 5½c, 2 boxes laundry soap, each 60 lbs. @ 3¾c. Gave a cash discount of 2½ per cent, and drew on Bundy at sight for the proceeds of the invoice in favor of our bank, with whom we left the draft for collection.

Sold Bemis & Brown, Stanton, 3 bbls. C sugar, 305, 307 and 312 lbs. @ 4c, 1 chest E. B. tea, 44 lbs. @ 45c, 2 sacks Rio coffee, 145 and 147 lbs. @ 17½c, 1 bbl. oat meal, 150 lbs. @ 3c, 1 sack tapioca, 125 lbs. @ 5½c, 3 boxes cheese, 58, 60 and 62 lbs. @ 10¾c, charging drayage 25 cts. Billed on account 30 days, with a discount offer of 3 per cent if paid in 10 days.

Received a draft from the Bank of Galesburg for the C. O. D. bill of C. E. Horton, sent out yesterday, less collection charges deducted by the bank 25 cts.

Received an invoice of cheese from the H. A. Hudson Company, Falls City, amounting to \$392.25, billed on account 30 days, with a discount offer of 3 per cent if paid in 10 days.

Paid cash for freight on the cheese \$25.50, and for drayage 75 cts.

Received cash from E. C. Martin to pay his invoice of 1st inst., less a cash discount of 3 per cent.

Sold Christy & Eckles, city, 1 sack dried peaches, 90 lbs. @ 12½c, 1 box Turkish prunes, 60 lbs. @ 7½c, 1 box dried apricots, 40 lbs. @ 13½c, 1 bbl. English currants, 225 lbs. @ 4½c, 10 bbl. XXX flour @ \$5.87½, 1 bbl. cranberries @ \$10.25. Gave a discount of 5 per cent and received cash for the proceeds.

Gave cash to pay for office furniture \$37.75.

Received cash of Reed & Young to apply on their account \$50.

Sold Henry Thompson, Thompsonville, 1 chest Y. H. tea, 68 lbs. @ 40c, 1 case ground coffee, 60 lbs. @ 22½c, 1 sack rice, 102 lbs. @ 4¾c, 1 bbl. oat meal, 150 lbs. @ 3c, 1 box cheese, 60 lbs. @ 11c, charging drayage 25c. Billed on account 20 days.

Received an invoice of cranberries from C. M. Nelson, Milwaukee, amounting to \$82.50 bought on account subject to their sight draft.

Paid cash for freight on cranberries \$5, and for drayage 50 cts.

Sold J. A. Strong, Monmouth, 2 sacks Rio coffee, 149 and 152 lbs. @ 17½c, 1 chest Japan tea, 66 lbs. @ 42½c, 4 bbls. A sugar, 290, 295, 300 and 303 lbs. @ 4½c, 5 sacks rice, each 102 lbs. at 4¾c, charging for drayage 25 cts. Gave him a cash discount of 3 per cent on coffee and tea, and 2 per cent on the balance of invoice, receiving cash to apply on the invoice \$45, and sending balance C. O. D.

Sold Emerson & Hatch, Brownsville, 2 chests Japan tea, 63 and 65 lbs. @ 42½c, 3 cases ground coffee, each 60 lbs. @ 22½c, 1 bbl. oat meal, 150 lbs. @ 3c, 1 sack tapioca, 125 lbs. @ 5½c, 3 boxes laundry soap, each 60 lbs. @ 3¾c, 1 box French prunes, 45 lbs. @ 12½c, 1 doz. No. 1 wash tubs @ \$9, 2 doz. 3 hoop pails @ \$2.25, charging drayage 50 cts. Billed on account 30 days, with a discount offer of 5 per cent if paid in 10 days.

Sold Smith & Lee, city, 2 bbls. cranberries @ \$10.25, 1 bbl. English currants, 220 lbs. @ 4½c, 1 sack dried peaches, 92 lbs. @ 12½c, 2 boxes cheese, 60 and 64 lbs. @ 10¾c. Billed on account.

Received a note at 5 days from Henry Thompson for \$100 to apply on his account.

Received an invoice of wooden ware from D. M. Stevens & Co., Detroit, amounting to \$127.50, bought on account 60 days, with a discount offer of 5 per cent if paid in 10 days.

Paid cash for freight \$7.50 and for drayage 25 cts., on above invoice.

Carry out the totals of all special columns, post the ledgers and take proofs of the same, recording the same in the trial balance book.

4

Sold Chas. Marvin, city, one box cheese, 55 lbs. @ 11c, 2 cases canned peaches, 4 doz. @ \$3.25, 1 bbl. cranberries @ \$10.50 1 doz. brooms @ \$2.25. Billed on account.

Received an invoice of sugar and syrup from Kephart & Co., Philadelphia, amounting to \$960.60 and billed on account for 60 days, with a discount offer of 2½ per cent if paid in 20 days.

Paid cash \$78 for freight and drayage on above invoice.

Accepted Hunter & Parson's discount offer on their invoice received 2d inst., and sent them our check to pay the balance of the invoice after discount.

Bemis & Brown report a shortage in one barrel of C sugar, the net weight being 290 lbs. instead of 312 lbs. as billed. We have made the allowance to their credit at the price we billed to them. [Enter in the journal.]

Returned to C. M. Nelson 1 bbl. cranberries, received the 3d inst., the same being below the grade represented, for which we have charged him \$8.80. [Enter in Journal.]

Sold Henry Carter, city, 3 bbls. A sugar, 300, 310 and 320 lbs. @ 4½c, 2 chests Y. H. tea, 72 and 73 lbs. at 40c, 5 bbls. XX flour @ \$5.50. Gave him a cash discount of 3 per cent, and received his check on the bank for \$48.53, and his sight draft on A. C. Furlong & Co., Chicago for the balance. [Consider sight drafts of other firms as cash.]

Sold James Lee, Vinton, 2 bbls. P. R. molasses, 48 and 50 gals. @ 33c, 1 chest E. B. tea, 46 lbs. @ 45c, 2 sacks rice, each 100 lbs. @ 4¾c, charging drayage 25 cts. Billed on account 30 days.

Gave cash to H. A. Horton, city, for 200 bbls. apples @ \$1.75.

Received cash at bank, for the proceeds of our draft on Ray Turner left for collection 2d inst. The bank deducted 25 cts. for collection charges.

Paid cash for drayage on sales to date \$2.75. [Mdse.]

Paid cash for insuring merchandise \$50. [Debit Merchandise.]

Received cash of H. Sherman in payment of his bill of Nov. 2, less the cash discount we offered.

Gave a check to C. E. Hartman for salary as salesman, \$20.

Forwarded Henry Carter's draft for \$75 on A. C. Furlong & Co., received to-day, to that firm for credit on our account.

5

Received a draft from the Commercial bank of Monmouth for the proceeds of the C. O. D. bill of J. A. Strong collected by them after deducting 50 cts. for collection charges.

Henry Carter's check for \$48.53 which we received yesterday and deposited in bank as cash, has been returned unpaid, with protest charges \$1.10. Gave cash to the bank to pay for the amount of protested check and charges. [Debit Sales Ledger, and also debit Carter in the Sales Ledger.]

Sold Kingman & Co., Toledo, 1 chest E. B. tea, 48 lbs. @ 45c, 2 sacks Rio coffee, 152 and 153 lbs. @ 17½c, 3 bbls. XXX flour @ \$5.87 ½, 10 bbls. apples @ \$2.25, charging drayage 25c. Billed on account 30 days, with a discount offer of 2 per cent for cash in 10 days.

Received an invoice of rice and ground coffee from Grant, Kennedy & Co., amounting to \$107.25, bought on account 30 days, with a discount offer of 3 per cent for cash in 10 days.

Paid cash for freight \$5.25 and for drayage 25 cts., on last invoice.

Sold O. Sherman, city, 5 bbls. apples @ \$2.25, 1 bbl. cranberries @ \$10.50, 3 bbls. XX flour @ \$5.50. Billed on account. Received from him cash to apply on account \$25.

Our sight draft on E. M. Bundy, left at bank for collection, has been paid, and proceeds, after deducting 25 cts. collection charges, have been handed to us.

Gave cash to pay for subscription to Bradstreet's Mercantile Agency \$25. [To be used in determining the responsibility of dealers who may order from us.]

J. A. Strong has reported an overcharge of 6 lbs. tea @ $42\frac{1}{2}$ c, in our invoice to him of 3d inst., and we have sent him a check for the amount less the cash discount estimated on tea in his invoice. [Debit Mdse.]

Sold Henry Thompson, Thompsonville, 2 bbls. G sugar, 322 and 328 lbs. @ $4\frac{3}{4}$ c, 5 bbls. XXX flour @ \$5.85, 3 boxes laundry soap, each 60 lbs. @ $3\frac{3}{4}$ c, 1 box dried apricots, 40 lbs. @ $13\frac{1}{2}$ c, 1 bbl. cranberries @ \$10.50, 1 doz. No. 2 Wash tubs @ \$8.25, 2 doz. 2 hoop pails @ \$2, charging drayage 50 cts. Billed on account 10 days.

The student has received cash \$500, a bequest from a friend recently deceased, and has invested the same in the business, thereby increasing his capital. [Cash Book.]

Sold Smith & Lee, city, 3 bbls. G sugar, 315, 318 and 320 lbs. @ $4\frac{3}{4}$ c, 2 bbls. amber syrup, 43 and 44 gals @ 42c, 2 sacks Java coffee, each 100 lbs. @ 22c. Billed on account. Received from them cash \$50 to apply on account.

Bemis & Brown have discounted their bill of 3d inst., sending us a bank draft for the proceeds of the bill, discounted after deducting the shortage reported on the 4th inst.

Received an invoice of cranberries from C. M. Nelson, Milwaukee, amounting to \$80, bought on account subject to his sight draft.

Paid cash for freight and drayage on last invoice \$5.

Discounted and paid the H. A. Hudson Co.'s invoice of 3d inst., sending our check for the proceeds.

Emerson & Hatch have written asking us to deduct discount from their bill of the 3d inst., at the rate we offered, and draw on them at sight for the proceeds, which we have done, leaving the draft at our bank for collection. [Enter the discount on both sides of the cash book, on the paid side to get in discount column, and on received side to credit Sales Ledger.]

Paid cash for stove for heating office \$24.50.

Received cash of Henry Taylor for rent of an office in the third floor of our building \$12.50.

Sent A. C. Furlong & Co. cash per draft \$250, to apply on account.

Sold for cash to sundry purchasers, 50 bbls. apples @ \$2.50.

7

Henry Carter's sight draft on A. C. Furlong & Co., sent them for credit on the 4th inst., has been returned. Carter has already overdrawn the amount due him, and Furlong & Co. write that they cannot accept the draft. [Journal.]

Sold Henry Thompson, Thompsonville, 3 bbls. A sugar, 300, 305 and 307 lbs. @ $4\frac{1}{2}$ c, 1 bbl. amber syrup, 46 gal. @ 42c, 1 sack tapioca, 125 lbs. @ $5\frac{1}{2}$ c, 5 bbls. apples @ \$2.25, charging drayage 25 cts. Billed on account 20 days.

Paid cash for advertising \$9.25.

Paid C. M. Nelson's sight draft on us for \$73.70.

Received an invoice of dried fruits from Hunter & Parsons, New York, amounting to \$75.75, bought on account 60 days, with a discount offer of 5 per cent if paid in 15 days.

Paid cash for freight \$3.25 and for drayage 25 cts., on last invoice.

Sold J. E. Johnson, Wayneville, 1 chest E. B. tea, 48 lbs. @ 45c, 1 chest Japan tea, 64 lbs. @ $42\frac{1}{2}$ c, 1 sack Rio coffee, 150 lbs. @ $17\frac{1}{2}$ c, 1 box French prunes, 45 lbs. @ $12\frac{1}{2}$ c, 1 bbl. English currants, 230 lbs. @ $4\frac{1}{2}$ c, charging drayage 30cts. Allowed a discount of 3 per cent on the entire bill, receiving cash to apply on same \$25, and sending the balance C. O. D.

Gave a check to pay for printing and stationery for use in the office \$17.75.

Sold Reed & Young, city, 2 bbls. cranberries @ \$10.50, 6 bbls. apples @ \$2.25, 1 box Turkish prunes, 60 lbs. @ $7\frac{1}{2}c$, 2 boxes cheese, each 60 lbs. @ $11c$. Billed on account. Received cash from them to apply on account \$75.

Sold H. Sherman, Creston, 1 bbl. P. R. molasses, $51\frac{1}{2}$ gals. @ $33c$, 1 chest Y. H. tea, 72 lbs. @ $40c$, 1 case oat meal, 48 lbs. @ $3\frac{1}{2}c$, 1 bbl. cranberries @ \$10.50, 2 bbls. A sugar, 312 and 315 lbs. @ $4\frac{1}{2}c$, charging drayage 25 cts., and billing on account 30 days, with 2 per cent discount if paid in 10 days.

Received an invoice of flour from A. C. Furlong & Co., Chicago, amounting to \$127.50, billed on account.

Paid cash for freight \$12.50 and for drayage 75 cts., on last invoice.

Sent A. C. Furlong & Co. a check for \$150 to apply on account.

Paid cash for drayage bill to date \$1. [Debit Merchandise.]

Received cash from bank for proceeds of our draft on Emerson & Hatch, left for collection 5th inst., after allowing 50 cts. for collection charges.

Paid cash to each partner \$25, for his salary to date.

Carry out the totals of all special columns, post the ledger and take a proof, recording the same in the trial balance book.

8

Closed the store to-day and took an inventory, preparatory to closing the books.

The merchandise on hand amounts to \$8958.77.

Books and stationery, purchased for office and not used, are worth \$30.

Stove purchased for office is worth \$24.

Office furniture is now worth \$35.

Unexpired rent of store building amounts to \$100.

Office rents collected by us and unexpired amount to \$15.

C. A. Carpenter has drawn out cash for the amount of his net gain, and the student has also drawn out cash for the amount of his net gain.

Henry Hudson has been admitted as a third partner in the business, having invested the store building now occupied by the firm, valued at \$6000, and cash enough to make his investment one-half of the entire capital of the new firm. Hudson devotes no time to the business and receives no salary. The other partners devote their time to the business and receive salaries as stipulated in the former contract, after which each partner shares in the gain or loss, according to his invested capital.

Hudson has also paid the firm cash \$600, \$100 being for rebate on rent prepaid, and \$500 being his proportion of the estimated good will of the business, the latter not being named in the inventory.

9

Sold E. C. Martin, city, 10 bbls. XXX flour @ \$5.85, 2 chests Y. H. tea, 71 and 72 lbs. @ $40c$, 3 sacks Rio coffee, 150, 152 and 153 lbs. @ $17\frac{1}{2}c$, billing on account.

Received cash of James Lee for his invoice of Nov. 4, less $2\frac{1}{2}$ per cent discount.

Paid Grant, Kennedy & Co. for their invoice of 1st inst., after deducting the discount they offered, the net amount paid them being \$1430.55.

Receive an invoice of cheese from the H. A. Hudson Co., Falls City, amounting to \$107.95, bought on account, with a discount offer of five per cent if paid in 10 days.

Paid cash for freight \$7.20 and for drayage 60 cts. on last invoice.

Sold Chas. Marvin, city, 1 bbl. P. R. molasses, 48 gals. @ $33c$, 2 bbls. G sugar, 320 and 330 lbs. @ $43\frac{1}{4}c$, 10 bbls. XX flour @ \$5.50, 2 bbls. cranberries @ \$10.50, 5 boxes cheese, 60, 62, 63, 65 and 70 lbs. @ $11c$, billing on account. Received cash of him for his invoice of 4th inst., less 2 per cent discount.

Sent cash to D. M. Stevens & Co., to pay their invoice credited 3d inst., less the discount they offered.

Sold E. M. Bundy, Deerfield, 3 sacks Rio coffee, 150, 148 and 152 lbs. @ $17\frac{1}{2}c$, 2 chests Japan tea, 64 and 66 lbs. @ $42\frac{1}{2}c$, 3 bbls. A sugar, 300, 305 and 308 lbs. @ $4\frac{1}{2}c$, 1 bbl. oat meal, 150 lbs. @ $3\frac{1}{4}c$, charging drayage 25 cts. Discounted the entire bill 3 per cent and drew on Bundy at sight for the proceeds, leaving the draft at bank for collection.

Received cash of Smith & Lee to apply on account \$80.

Bought Henry Carter's stock of groceries in order to save our account, as he was unable to pay his bills. Allowed him \$429.75 for the entire stock, assuming to pay Kephart & Co. \$127.25, Hunter & Parsons \$76.29, and giving Carter cash for the balance due after deducting our account against him.

Sold Ray Turner, Dayton, 2 bbls. C sugar, 315 and 319 lbs. @ 4c, 1 chest E. B. tea, 47 lbs. @ 45c, 1 sack Java coffee, 102 lbs. at 22½c, 1 bbl. N. O. molasses, 47 gals. @ 38c, charging drayage 40 cts, and billing on account.

Paid cash for postage \$1.50.

10

Received cash from H. Thompson \$100 in payment of his note.

Sold Emerson & Hatch, Brownville, 2 gross matches @ \$2.50, 2 doz. 3 hoop pails @ \$2.25, 1 doz. zinc washboards @ \$2.50, 1 bbl. cranberries @ \$10.50, 3 boxes cheese, 64, 62, and 63 lbs. @ 11c, 3 bbls. G sugar, 315, 318 and 321 lbs. @ 4¾c, charging drayage 25 cts. Billed on account 30 days, with a discount offer of 3 per cent for cash in 10 days.

Received a draft from the Bank of Waynesville for the amount of the C. O. D. bill sent to J. E. Johnson, 7th inst., less 50 cts. deducted by the bank for collection charges.

Received cash for the rent of two offices in the third floor of our building \$21.50.

Sold Bemis & Brown, Stanton, 6 bbls. XXX flour @ \$5.85, 3 sacks rice, 100, 102 and 104 lbs. @ 4¾c, 2 sacks Rio coffee, 151 and 153 lbs. @ 17½c, 1 bbl. amber syrup, 45 gals. @ 42c, charging drayage 25 cts., and billing on account.

H. Sherman has paid his invoice of the 7th inst., less the cash discount we offered.

Paid A. C. Furlong & Co., cash \$146.78, the balance due on their invoice of 2d inst., after deducting payments already made and \$9.47 discount for payment of entire bill within 10 days.

Received cash of E. C. Martin to apply on account \$75.

Sold the stock of groceries purchased of Henry Carter 9th inst., to O. Sherman for \$425, receiving cash to apply on same \$125, balance on account.

Paid cash for painting the front of our store building \$47.50. [Real Estate.]

Discounted Hunter & Parson's invoice of 7th inst. at the rate they offered, sending cash for the proceeds.

Received an invoice of sugar and molasses from Kephart & Co., Philadelphia, amounting to \$275 25, billed on account 30 days, subject to a discount of 1½ per cent for cash in 10 days.

Paid cash for freight \$12.50 and for drayage 75 cts., on last invoice.

Sold Smith & Lee, city, 1 chest E. B. tea, 43 lbs. @ 45c, 1 chest Y. H. tea, 68 lbs. @ 40c, 1 chest Japan tea, 63 lbs. @ 42c, 2 cases ground coffee, each 60 lbs. @ 22½c, 1 sack dried peaches, 90 lbs. @ 12½c, billing on account. Received cash of them to apply on account \$60.

Paid cash for electric light in the store room \$7.50.

Received an invoice of wooden ware from D. M. Stevens & Co., Detroit, amounting to \$77.25, bought on account.

Paid cash for freight \$2.50 and for drayage 25 cts., on last invoice.

Gave cash to pay A. C. Furlong & Co.'s draft on us for \$75 to apply on account.

11

Sold Reed & Young, city, 2 bbls. C sugar, 320 and 324 lbs. @ 4c, 2 bbls. cranberries @ \$10.50, 5 bbls apples @ \$2 25. Received cash to apply on the purchase \$25, balance on account.

Received cash for rent of hall in our building \$25.

Sold James Lee, Vinton, 1 bbl. N. O. molasses, 45 gals. @ 38c, 1 chest E. B. tea, 47 lbs. @ 45c, 1 sack Rio coffee, 147 lbs. @ 17½c, 2 boxes laundry soap, each 60 lbs. @ 3¾c, charging drayage 25 cts., and billing on account.

Paid cash for clerk hire \$17.50.

Discounted Kephart & Co.'s invoice received 4th inst., at the rate they offered, sending cash for the proceeds.

Sold to sundry city dealers, for cash, 15 bbls. apples @ \$2 25, 10 bbls. cranberries @ \$10.25.

Our sight draft on E. M. Bundy, left at bank 9th inst., has been paid and we have received cash for the proceeds after a deduction of .50 cts. for collection charges.

By consent of the firm, H. Hudson has withdrawn \$1000 from his invested capital, receiving cash for the same.

Sold Kingman & Co., Toledo, 10 bbls. XXX flour @ \$5.85, 2 bbls. oat meal, each 150 lbs. @ 3c, 2 boxes Turkish prunes, each 60 lbs. @ 7½c, charging drayage 25 cts. Billed on account subject to 5 per cent discount for cash in 10 days.

Received cash of Charles Marvin to apply on account \$70.

Gave a check to pay for building a new sidewalk in front of our store room \$37.50.

Received a note at one day from Smith & Lee for \$102.30 to balance their account. [Enter on both sides of the cash book.]

Gave cash to pay C. M. Nelson's sight draft on us for the balance of his account \$80.

Sold H. Sherman, Creston, 1 sack tapioca, 125 lbs. @ 5½c, 1 bbl. English currants, 230 lbs. @ 4½c, 1 bbl. cranberries @ \$10.50, 2 bbls. C sugar, 312 and 318 lbs. @ 4c, charging drayage 25 cts., and billing on account.

Received cash from Kingman & Co., for proceeds of their invoice of 5th inst., after deducting the discount we offered.

Paid cash for postage and stationary \$3.50.

Carry out the totals of all special columns, post the ledger and take a proof, recording the same in the trial balance book.

12

Paid A. C. Furlong cash for invoice of 7th inst. less a discount on same of 5 per cent.

Received cash from O. Sherman to apply on account \$150.

Sold E. C. Martin, city, 1 bbl. P. R. molasses, 49½ gals. @ 33c, 2 sacks rice, 100 and 102 lbs. @ 4¾c, 1 case oat meal, 48 lbs. @ 3½c, 1 box cheese, 60 lbs. @ 11c, 1 box French prunes, 45 lbs. @ 12½c, billing on account. Received cash from him to apply on account, \$40.

Paid cash for clerk hire to date \$35.

Sold to city dealers for cash, 25 bbls. apples @ \$2.25, 5 bbls. cranberries @ \$10.50, 1 bbl. A sugar, 320 lbs. @ 4½c, 10 boxes cheese, weighing 615 lbs. @ 11c.

Received cash from Kingman & Co. in payment of their invoice of 11th inst., less the discount we offered.

Sent our check to Hunter & Parsons to balance their account.

Paid cash for repairs and improvements on our store building \$125.

Sold E. M. Bundy, Deerfield, 3 bbls. A sugar, 308, 312 and 310 lbs. @ 4½c, 1 sack Rio coffee, 150 lbs. @ 17½c, 2 bbls. XXX flour @ \$5.85, 1 bbl. English currants, 220 lbs. @ 4½c, 1 bbl. cranberries @ \$10.50, 1 doz. No. 2 wash tubs @ \$8.25, 1 doz. carpet brooms @ \$2.25, charging drayage 25c. Discounted the entire bill 3 per cent, receiving cash to apply on the proceeds \$25, and drawing on Bundy at sight for the balance payable to our bank, with whom we left the draft for collection.

Received cash for hall rent in our building \$17.50.

Discounted the H. A. Hudson Co's. invoice, received the 9th inst., sending them our check for the proceeds, after deducting the discount they offered.

Bemis & Brown have sent us cash to pay their invoice of the 10th inst., after deducting a cash discount of 3 per cent.

Paid cash for fuel for heating office \$3.50.

We have allowed H. Thompson a discount of 3 per cent on the balance of his account, and he has paid us cash in full for the balance due.

14

Received cash from Emerson & Hatch in payment of their invoice of 10th inst., less the cash discount they were authorized to deduct.

Paid cash for drayage to date on merchandise sales \$2.

Gave a check to pay Kephart & Co.'s sight draft on us for \$127.25, to apply on account.

Received cash of O. Sherman in full of account.

Paid cash for 50 bbls. apples @ \$1.75.

Sold Reed & Young, city, 1 chest Y. H. tea, 71 lbs. @ 40c, 1 sack Rio coffee, 149 lbs @ 17c. Received cash from them to balance their account including to-day's sale, the whole amount due us being discounted 2 per cent.

Paid cash for postage and stationery \$3.75.

Received cash from Smith & Lee \$102.30 in payment of their note.

Received cash from James Lee to pay his invoice of 11 inst., less a cash discount of $2\frac{1}{2}$ per cent.

Our sight draft on E. M. Bundy has been paid and the bank has given us cash for the proceeds, after deducting 25 cts. for collection charges.

Sold to city dealers, for cash, 20 bbls. XXX flour @ \$5.85, 10 bbls. XX flour @ \$5.50, 10 bbls. apples @ \$2.20, 5 bbls. cranberries @ \$10.25.

Drew at sight on E. C. Martin, in favor of Grant, Kennedy & Co. for the balance due them, and sent them the draft to balance their account.

Sent cash to D. M. Stevens & Co. to pay their invoice of 10th inst. less a cash discount of 5 per cent.

Received cash of Ray Turner to pay his invoice of 9th inst., less a cash discount of 5 per cent.

Drew on H. Sherman at 10 days' sight for the balance of his account, in favor of our bank, who have paid us cash for the draft, less a discount of \$1.

Received cash of E. C. Martin on account \$12.93.

Received cash of C. Marvin for balance of his account less a discount of $2\frac{1}{2}$ per cent.

Paid cash for proceeds of Kephart & Co's invoice of 10th inst., after deducting the discount they offered.

15

The student and C. A. Carpenter have each drawn \$25 for salary due them to 15th inst.

Paid cash for gas bill to date \$5.36.

The firm of C. A. Carpenter & Co. have decided to dissolve partnership, the student and H. Hudson withdrawing, and Carpenter continuing the business.

C. A. Carpenter takes the stock of merchandise on hand inventoried at \$7759.72, allowing for the prepaid expenses \$75, and for the good will of the business \$600, the same being charged to his account.

Henry Hudson takes back the real estate, inventoried at \$6200, the same being charged to his account.

All ledger accounts should now be closed except the partners' accounts, the net gain being divided according to contract and credited to the partners.

C. A. Carpenter invests enough cash to balance his account after allowing for his share of the net gain.

The student and Henry Hudson each draw out cash to balance their accounts after allowing for their share of the net gain.

The partners' accounts should now be closed, no balance account being required.

SET SEVEN.

LUMBER BUSINESS.

SPECIAL COLUMN BOOKS.

We have planned the following set to illustrate a method of recording purchases and sales, so that the books may give us an approximate inventory at any time; also to illustrate the use of a journal with special columns for cash and merchandise entries; and along with these varieties of bookkeeping, to afford the student practice in rapid and easy computation of lumber.

The style of recording sales and purchases in special columns is adapted to any kind of business in which but a few varieties of merchandise are bought and sold; as buying and shipping grain or live stock, selling wood and coal, and any other line of business in which there may be special columns conveniently arranged on a page, to represent each variety of merchandise handled.

The left page is ruled like a day book or journal, and the entire transaction is there recorded either as a day book entry or a historical journal entry, after which the quantity of each article is extended on the right page to its special column. In this way the special columns will show the quantities sold of each variety of merchandise represented.

If an invoice or purchase book is kept with corresponding columns, the difference between the total purchases and sales will give the quantity on hand at any time.

In the lumber business, the leading varieties of lumber can be represented in special columns, and other varieties that are sold less frequently, or only in small quantities, need not be extended to special columns. By using such a book, the lumber merchant can readily estimate the quantity on hand of each staple variety, and in case an estimate is wanted of the value of the lumber on hand, he can approximate very nearly to the correct amount, by the use of these special columns.

The form of journal represented in this set, called the Six Column Journal, is one that is used by many accountants. It is especially adapted to varieties of business where two ledger titles are frequently repeated. In a business where cash and merchandise enter into a large proportion of the transactions, by using special columns for the debits and credits of each, we can avoid long ledger accounts with these two titles, and get the same results by posting the totals of cash and merchandise columns once a month; or these can be carried to the proof direct from the journal columns, as cash is from the cash book. If cash columns are kept in the journal, the cash book will not be used.

The columns should be added at the foot of each page, and the amounts carried forward. The footings of the three debit columns (Cash, Merchandise, and general Debits on the left of the journal page) should just equal the footings of the three credit columns (the same titles on the right of the journal page.)

In posting from the special column journal to the ledger, the cash and merchandise entries are omitted, and only the entries found in the general columns are carried to the ledger. Two folio columns are given, the one on the left being for debits, and the one on the right for credits.

The totals of Cash and Merchandise columns should be posted from the last page of the journal to the ledger, writing in the explanation column of the ledger, "Journal Debits," "Journal Credits," and using the date of the last journal entry, usually the last of each month.

The number of special columns may be increased by having larger pages ruled especially for them. The same rules would apply to a journal having any number of columns, as apply to the six columns illustrated in the present example.

In estimating lumber, the unit of measure is a board one inch thick, one foot wide and one foot long, making one foot of lumber; in other words, a foot of lumber is a square foot with a thickness of one inch, and in computing all dimensions of boards, joists, scantling, and timbers, we virtually reduce them to inch boards and then find the number of square feet in each board.

If the width of lumber were given in feet or fractions of a foot, we would not require a special rule; but the width is always given in inches, which are twelfths of a foot. Thus, an inch board 10 inches wide and a foot long would contain $\frac{10}{12} \times 1 = 1\frac{2}{3}$ ft. board measure, and if it were 12 ft. long, it would contain $\frac{10}{12} \times 12 = 10$ ft. board measure.

If the board were $1\frac{1}{2}$ inches thick, there would be one-half more lumber, or 15 ft.; or if 2 inches thick, there would be 20 ft. Lumber sawed less than one inch thick is counted the same as inch lumber in computing the number of feet, board measure.

RULES FOR ESTIMATING LUMBER.

1. When the thickness is one inch or less.

Multiply the width in inches by the length in feet, and divide the product by twelve. Or, multiply the width, in feet or twelfths of a foot, by the length in feet.

2. When the thickness is more than one inch.

Multiply the thickness in inches by the width and length, the latter two being expressed in feet or twelfths of a foot.

The result in either case will be the number of feet of lumber.

The process of cancellation can be used to good advantage in making lumber calculations.

EXAMPLES.

1. How much lumber in a board 18 ft. long, 8 in. wide, and 1 in. thick? (1x8—18.)

$$\frac{8}{12} \times 18 = \frac{\overset{2}{\cancel{8}} \times \overset{6}{\cancel{18}}}{\underset{12}{\cancel{12}}} = 2 \times 6 = 12 \text{ ft.}$$

How much lumber in a plank 24 ft. long, 8 in. wide, and 2 in. thick? (2x8—24.)

$$2 \times \frac{8}{12} \times 24 = \frac{2 \times \overset{2}{\cancel{8}} \times \overset{2}{\cancel{24}}}{\underset{12}{\cancel{12}}} = 2 \times 8 \times 2 = 32 \text{ ft.}$$

3. How much lumber in 6 pieces 2x4 in. and 16 ft. long? (6 pcs. 2x4—16.)

$$\frac{\overset{6}{\cancel{6}} \times 2 \times 4 \times \overset{4}{\cancel{16}}}{\underset{12}{\cancel{12}}} = 4 \times 16 = 64 \text{ ft.}$$

Lumber is usually estimated and quoted by the thousand feet, board measure. Shingles by the thousand, the standard shingle being 4 inches wide; thus a shingle that is 8 inches wide will be counted as two shingles in buying or selling. Lath are estimated by the thousand. The denomination thousand is represented by the Roman character M.

Since the different varieties of lumber are quoted by the thousand feet, and the quantity sold may be less than a thousand feet, we would suggest the following

RULE FOR ESTIMATING VALUE OF LUMBER.

Multiply the price per thousand by the number of feet expressed decimally as thousands.

The product properly pointed off will give the value.

EXAMPLES.

1. What is the value of 753 ft. Finishing lumber @ \$37.50?

2. What is the value of 2,124 ft. Flooring @ \$24.

Logically, in the second example, we should multiply 24 by 2,124; but for convenience, we multiply 2,124 by 24, which gives the same product in the abstract.

(1)	(2)
37.50	2.124
.753	24
<hr/>	<hr/>
11250	8496
18750	4248
26250	<hr/>
<hr/>	50.976 Ans. \$50.98.
28.23750 Ans. \$28.24.	

REMARKS ON THE ILLUSTRATED FORMS.

A few entries are given in the purchase and sales books, to illustrate the use of the special columns. If such a system were used in any business adapted to it, the history of each transaction and the results could be entered on the left page at the time of the transaction, and the quantities could be extended to the special columns at any convenient time afterward.

The journal given on the left folio represents the first page of the journal with the footings of each column at the bottom in small figures, and as a test of their accuracy, the three amounts in the debit columns are added horizontally to the right and their sum written in small figures in the wide center column, and the three amounts of the credit columns are added horizontally to the left and their sum also written in the wide center column. If these two sums are equal, the journal is in balance and the footings are correct, and the same should be forwarded to their respective columns on the next page of the journal.

The journal given on the right folio represents the entries continued, with the footings forwarded from the preceding page. At the bottom of the right page the totals of Cash and Merchandise are carried to the general column, to illustrate the method of closing the journal ready for posting. The student will continue forwarding the footings of each column from page to page, until he has entered all the transactions in the set, after which he will close the journal according to the model given. If the final footings of Cash debits and credits are the same, it would hardly seem necessary to post this account in the ledger. Usually, these columns do not agree, and, in such case, Cash requires a ledger title for the monthly totals.

Titles that do not require posting should be checked in the folio columns.

After the student has entered a full page in his journal, he should review the amounts carefully, to see if all are extended to their proper columns, before the columns are added and their amounts forwarded. If he fails to extend any of the amounts to their proper columns, his ledger will be out of balance after posting.

The sales and purchases are itemized in their special books and are journalized together at the close of the day. Other transactions will be journalized at once in the order of their occurrence, with proper explanatory entries.

We present in this set a form of the note book slightly different from that given in Set Three. The present form is especially adapted to varieties of Double Entry in which the Bills Receivable and Payable accounts are kept in the note book exclusively, no accounts with these titles being kept in the ledger.

We should always number our notes payable in the order in which we issue them, and notes receivable should also be numbered by us in the order in which they come into our possession. A note receivable will probably have recorded on it the maker's number as he issues it, and our receiving number can be written in red ink on the margin of the paper, without in any way interfering with the body of the note.

The double titles in the second and third columns make them adapted to either drafts or notes, Drawer and Drawee applying to a draft, and Endorser and Maker to a note.

The column "When Due" may be divided into thirteen spaces, the same as represented in the bill book on page 37; or it may be divided into three spaces, for recording the year, month, and day of maturity, as represented in the bill book on page 113. In estimating maturities in this set, the student will count days of grace.

The remaining space, after the interest column, is so ruled that the book may be used for original entries, if so desired, and posting made direct from its pages to the ledger. The column marked "Debit Item" in Bills Payable gives the title which is made debtor by our note issued, and the one marked "Credit Item" gives the title or titles that are made creditor by the payment of our notes. The column marked "Credit Item" in Bills Receivable gives the title that is made creditor when we receive a note, and the one marked "Debit Item" gives the title that is made debtor when we dispose of such a note.

If we do not post debits and credits from the note book, we can make a check mark in the folio column as soon as we enter each note, which indicates that the entry is not to be posted.

In working Set Seven, the student may copy the opening entries in his bill book from the bill book represented in the text, as the description of the notes invested is not given in the transactions.

As all transactions are journalized in this set, the student will post no debits and credits from the note book to the ledger. The debits and credits of Bills Receivable and Payable that appear in the journal should not be posted to the ledger, as the results of these two accounts can be carried from the bill book to the proof sheet, and these titles in the ledger would be superfluous.

The student may substitute his own name for A. Learner, and may keep two ledger accounts with himself, one for his investment account and the other for his private account. Before closing the ledger, he will balance his private account and debit the same in his investment account.

TRANSACTIONS.

FEB. 1, 189--

A. Learner began business as dealer in lumber, with the following resources and liabilities from a former business:

Resources—Cash \$1520, a stock of groceries inventoried at \$217.50, four notes receivable, as described in the bill book, amounting to \$867.75, balance due from Henry Trenton, on account \$41.15, postage stamps and stationery for office use \$1.25, fuel for heating office \$2.25, a farm of 30 acres worth \$2750, 4 days' interest receivable on H. Seabrook's note.

Liabilities—Four notes payable, as described in the bill book, amounting to \$1400, and 7 days' interest on the two notes in favor of S. T. Lacey.

Bought of Quick & Sharp, their entire stock of lumber, the following being a summary of the inventory.

10 M Finishing Lumber, 20 M Flooring, 15 M Siding, 15 M Ship Lap, 30 M Common Boards, 60 M Joists and Scantling (including sawed timbers), 95 M Lath, 120 M Shingles, and other sundry materials, including, Doors, Windows, Mouldings, etc., the whole inventory amounting to \$3195.25; for which we gave them in payment 10 acres of our land valued at \$100 per acre, cash \$1000, and our three notes, one at 10 days for \$250, one at 15 days for \$300, and one at 20 days for \$350, payable at our office, the balance, \$295.25, being placed to their credit on account.

2

Paid cash in advance for 1 month's rent of office and lumber yard \$50.

Sold Henry Trenton, on account, 2 M No. 2 Ship Lap @ \$16.50, 10 pcs. 6x8-14 (meaning 6 inches thick, 8 inches wide and 14 feet long), 10 pcs. 6x8-12, 15 pcs. 6x8-16, @ \$16; 5 M Lath @ \$3.

Paid cash for set of office books \$12.75.

Bought of H. B. Matter 1200 split Posts @ 15 cts. each, paying him cash. Paid cash for freight on the Posts \$55.

Paid cash for advertising \$7.75.

[TRANSACTIONS CONTINUED ON PAGE 112.]

INVOICE BOOK.

189—		Check Mark.		Items	Amount
Feb.	1	✓	Bot. of Quick & Sharp, their stock of Lumber, invoicing Selling them in part payment 10 acres land Paying them in cash Giving them our 3 notes as per Bill Book Balance to their credit	1000 1000 900 295 25	3195 25
	2	✓	Bot. of H. B. Matter, paying cash, 1200 split posts.	15	180

SALES BOOK.

189—		Check Mark.		Items	Amount
Feb.	2	✓	H. Trenton	On account	
			2 M No. 2 Ship Lap	\$16.50	33
			10 pieces 6x8—14, 560 feet		
			10 " 6x8—12, 480 "		
			15 " 6x8—16, <u>960</u> " 2000 feet	16.00	32
			5 M Lath	3.00	15
					80
		✓	P. J. Franklin	Cash	
			18 pieces 6x8—12, 864 feet		
			16 " 6x6—16, 768 "		
			12 " 4x6—18, 432 "		
			40 " 2x4—12, <u>320</u> " 2384 feet	16.00	38 14
			1500 feet No. 1 Flooring	30.00	45
			1250 " Sheeting	13.00	16 25
			4 M Shingles	3.00	12
					111 39
		✓	G. M. Null, 180 Second avenue	On account	
			5 boards 1½x16—16, 160 feet	40.00	6 40
			9 " 1x18—16, 216 feet	45.00	9 72
					16 12

THE SIX COLUMN JOURNAL.

DAYTON, FEBRUARY 1, 189_.

Cash Debits	Mdse. Debits	General Debits	Dr. F.	LEDGER TITLES.	Cr. F.	General Credits	Mdse. Credits	Cash Credits
1520	217 50	867 75 41 15 3 50 2750 37	✓ ✓ ✓	CASH MERCHANDISE BILLS RECEIVABLE HENRY TRENTON EXPENSE REAL ESTATE INT. RECEIVABLE				
				BILLS PAYABLE INT. PAYABLE A. LEARNER	✓	1400 90 3999 37		
				Invested in business				
	3195 25		✓	MDSE. REAL ESTATE CASH BILLS PAYABLE QUICK & SHARP	✓ ✓ ✓	1000 00 900 25		1000
				Per Invoice Book				
		50		EXPENSE CASH	✓			50
		12 75		Rent of Office and Yard 1 mo. EXPENSE CASH	✓			12 75
	180		✓	Office Books.				
			✓	MDSE. CASH	✓			180
	55		✓	Per Invoice Book, H. B. Matter MDSE. CASH	✓			55
				Freight on Matter's Invoice.				
1520	3647 75	3725 52		8893.27		7595 52		1297 75

IN COLUMNS.

Finishing	Flooring	Siding	Ship Lap	Common Boards	Joists and Timbers	Lath	Shingles	Fence Posts
10,000	20,000	15,000	15,000	30,000	60,000	95,000	120,000	
								1,200

IN COLUMNS.

Finishing	Flooring	Siding	Ship Lap	Common Boards	Joists and Timbers	Lath	Shingles	
			2,000		2,000	5,000		
	1,500			1,250	2,384		4,000	
160 216								

THE SIX COLUMN JOURNAL.

FEBRUARY 2, 189—

Cash Debits	Mdse. Debits	General Debits	Dr. F.		Cr. F.	General Credits	Mdse. Credits	Cash Credits
1520	3647 75	3725 52		Two Entries Omitted		7595 52		1297 75
		80		H. TRENTON Mdse. ✓			80	
111 39			✓	CASH Mdse. ✓			111 39	
		16 12		G. M. NULL Mdse. ✓			16 12	
14 88			✓	CASH Mdse. ✓			14 88	
		25 18		R. O. GRAVES Mdse. ✓			25 18	
12 60			✓	CASH Mdse. ✓			12 60	
		18 14		M. I. MARTIN Mdse. ✓			18 14	
				To-day's sales per Sales Book.				
		40		A. LEARNER (Per.) Mdse. ✓			40	
				Kept out groceries for private use.				
160			✓	CASH Mdse. ✓			160	
				Bal. groceries to Bartley & Brown.				
54			✓	CASH REAL ESTATE		54		
				Rec'd for house rent 3 months.				
1872 87	3647 75	3904 96				7649 52	478 31	1297 75
		3647 75		MERCHANDISE TOTALS		478 31		
		1872 87		CASH TOTALS		1297 75		
		9425 58		JOURNAL FOOTINGS		9425 58		

NOTES AND BILLS

No.	Drawer or Endorser	Drawee or Maker	Maker's Address	Where Payable	Date of Paper	
1	H. Sabin	H. Smith	City	City	189--	7
2		H. Seabrook	"	"	Jan.	28
3		G. Oakes	"	"	"	29
4		R. Graham	"	"	"	29

NOTES AND BILLS

No.	Drawer or Endorser	Whose Favor	Payee's Address	Where Payable	Date of Paper	
1		R. Turner	Chicago	Com'l Bank	189--	14
2		S. T. Lacey	City		Jan.	25
3		" "	"		"	25
4		R. Graham	"		"	29

Bought of O. C. Jordan 1500 sawed posts @ 16 cts., delivered; paying him cash \$90, and giving him our draft at three days' sight on Henry Trenton for the balance.

Sold P. J. Franklin, for cash, 18 pcs. 6x8-12, 16 pcs. 6x5-16, 12 pcs. 4x6-18, 40 pcs. 2x4-12 @ \$16; 1500 ft. No. 1 Flooring @ \$30; 1250 ft. Sheeting @ \$13; 4 M Shingles @ \$3.

Sold the following Lumber to city customers:

G. M. Null, 180 Second Avenue, on account, 5 boards 1½x16-16 @ \$40, 9 boards 1x16-18 @ \$45.....H. C. White, 222 Third St., for cash, 742 feet Common Boards @ \$15. 1500 Lath @ \$2.50.....R. O. Graves, 115 Fourth Ave., on account, 30 pcs. 2x6-16 @ \$16, 4 M Shingles @ \$2.87½, 480 feet Sheeting @ \$12.50.....E. C. Butler, 112 First St., for cash, 1200 Lath @ \$2.50, 2 Doors, 2"x6"x1¾, @ \$2 each, 4 windows, 12x14, 8 Lights, @ \$1.40 per window.....M. I. Martin, 239 Fifth Ave., on account, 20 pcs. 2x4-12, 30 pcs. 2x8-14, 16 pcs. 2x6-14, 20 pcs. 2x10-12, @ \$13.50.

3

Kept out \$40 worth of Groceries for personal use, and sold the balance of the stock to Bartley & Brown for cash \$160.

Received cash for rent of house belonging to our real estate, three months in advance, \$54.

Discounted G. Oakes' note for the time it has yet to run before maturity, at the rate of 8 per cent per annum, receiving cash for the proceeds. (Estimate February as 28 days.)

Paid Quick & Sharp cash in full of their account, after receiving a cash discount of 4 per cent.

Bought of H. B. Matter, on account, 30 M No. 2 Fencing @ \$12.....Paid cash for freight on the fencing \$57.50.

Bought of Cyrus Clark, Clinton, 50 M Star Shingles @ \$2.25, and an invoice of Doors and Windows amounting to \$275.25, giving our note at 10 days for the entire amount.....Paid cash for freight on the Doors and Windows \$11.50. The Shingles came with freight prepaid.

RECEIVABLE.

RECEIVABLES.												Dr.			Cr.		
Time	When Due			Int.	Date Rec'd	Credit Item	Fol	Am't.		Date of Payt.	Debit Item	Fol	Am't.				
	Year	Month	Day														
20 days	189-	Jan.	30		189-Jan 7	Merchandise	✓	11	40								
10 "	"	Feb.	10	6	" 28	Real Estate	✓	550									
30 "	"	Mar.	3		" 29	G. Oakes	✓	106	35								
60 "	"	Apr.	2		" 29	Bills Pay.	✓	200									
								867	75								

PAYABLE.

Cr.														Dr.		
Time	When Due			Int.	Date Recorded		Debit Item	Fol	Am't.		Date of Payt.		Credit Item	Fol	Am't.	
	Year	Month	Day													
30 days	189-	Feb.	16		189-	Jan 14	Merchandise	✓	425							
40 "	"	Mar.	9	6	"	25	Real Estate	✓	275							
65 "	"	Apr.	3	6	"	25	" "	✓	500							
60 "	"	"	2		"	29	Bills Rec.	✓	200							
									1400							

Received cash of G. M. Null on account \$10.

Paid cash for labor in lumber yard \$1.50.

Our note favor Ray Turner is not due until the 16th inst., but he has proposed to allow us a discount of 5 per cent on whatever amount we can pay to-day. We have accordingly made a payment of cash, \$225 less the discount proposed, having the same indorsed on the note.

Sold H. Orton, Belle Plaine, on account, car No. 9763, C. & N. W. R. R., 4 M No. 1 fencing @ \$16; 100 pcs. 2x6—16, 50 pcs. 2x8—16 @ \$15.50, 2 M 3 inch Pickets @ \$13.50.

Sold C. Emerson, Vinton, on account, car No. 1695, B. C. R. R., 20 pcs. 2x6—12, 10 pcs. 4x4—14, 10 pcs. 4x4—12, 30 pcs. 2x4—16, 20 pcs. 2x8—14, @ \$15; 4 M Shingles @ \$3.25, 500 Split Posts @ 22 cts. each, 4 M Lath @ \$3; 4 Doors, 2"x6"x13/8 @ \$2; 6 Windows, 12x14, 8 Lights, @ \$1.50 per Window; 2 M Clear Siding @ \$22.

Sold the following lumber to city customers: I. E. Johnson, 415 Ninth Ave., for cash, 12 boards 1 1/4 x 14—12, 6 boards 1 1/2 x 16—14 @ \$38.50. H. C. White, 222 Third St., on account, 100 Sawed Posts @ 25 cts. each, 2 M Fencing @ \$13.50. R. O. Graves, 115 Fourth Ave., cash \$15, balance on account, 9 pcs. 8x8—14, 6 pcs. 4x6—12, 30 pcs. 2x4—14, 21 pcs. 2x8—14 @ \$15.75.

Sold 5 acres of our real estate to John Sherman, for cash. @ \$125 per acre. Prepaid our first note favor Quick & Sharp, receiving a discount from the face of the note, at the rate of 12 per cent per annum until maturity. [Maturity should include days of grace.]

Paid cash for advertising our real estate for sale \$6.

Our cash on hand and in bank this evening amounts to \$424.84.

Sold B. O. Norton, Nevada, car No. 2929, C. & N. W. R. R., 9 pcs. 8x10—22, 6 pcs. 8x10—24, 8 pcs. 6x6—24, 50 pcs. 2x6—20, 90 pcs. 2x6—22, 100 pcs. 2x6—24, 25 pcs. 2x12—22 @ \$18.50, receiving cash \$75, and Orton's sight draft on H. B. Matter for the balance.

Sold C. E. Thomas, Ely, car No. 3734, B. C. Ry., 125 pcs. 2x12—20, 35 pcs. 2x6—22, 40 pcs. 2x8—18, 50 pcs. 2x12—16, 40 pcs. 2x6—18 @ \$18; receiving cash \$90, and Thomas's due-bill payable on demand for the balance.

Bought of H. B. Matter, Fulton, invoice of joists, scantling, and timbers, 95 M @ \$10; paying him cash \$400, and giving him our note at 20 days with interest at 6 per cent for \$300, and placing balance to his credit on account.

Discounted our note at 15 days in favor of the Commercial Bank, and endorsed by R. O. Graves, receiving cash for the proceeds after deducting 18 days' interest on the face, \$350, at 8 per cent.

Paid cash for freight on the last invoice \$312.50.

Received cash of C. Emerson on account \$115.20.

Paid yard men wages to date \$27.50.

Paid cash for insuring lumber in yard for \$2,000 @ 1½ per cent. [Mdse.]

Paid cash for postage and stationery \$2.75.

Received cash of H. C. White on account \$32.

Received cash of R. O. Graves on account \$30.

Sold A. R. French, Fairfax, car No. 3113, C. & N. W. Ry., 10 pcs. 6x6—20, 60 pcs. 2x12—20, 60 pcs. 2x6—20, 50 pcs. 2x4—18 @ \$17.50; receiving French's sight draft on H. B. Matter for the amount of the sale.

Presented Norton's and French's sight drafts and Thomas's due-bill to H. B. Matter, who received the drafts at their face value, and the due-bill at a discount of 2 per cent, giving us credit on account for the entire amount allowed.

A. Learner has deeded 5 acres of land with the dwelling house rented on the 3d inst., to his wife as a homestead, withdrawing its value, estimated at \$1200, from his capital.

The student may take a proof of his ledger before advancing further, carrying the totals of Cash and Merchandise from the journal columns and the debits and credits of Bills Receivable and Payable from the bill book to the proof, without posting them to the ledger. This proof may be made out on loose paper without being entered in the books, as it is merely a test exercise.

5

Bought of the Central Lumber Co., Burlington, invoice of lumber summarized as follows: 10 M Finishing, 20 M Flooring, 10 M Siding, amounting to \$950, freight prepaid, for which we have given our note at 30 days.

Prepaid our note given to Cyrus Clark, on the 3d inst., receiving a discount at the rate of 10 per cent per annum for the time unexpired, paying the proceeds in cash.

Paid taxes on real estate \$100.

Sold B. O. Norton, Nevada, car No. 4646, C. & N. W. Ry., 200 boards 1¼x12—16 @ \$30, 60 pcs. 2x4—14 @ \$16, 100 pcs. 4x4—18 @ \$16; car No. 4141, C. & N. W. Ry., 3 M 3 inch Pickets @ \$13.50, 90 pcs. 2x8—16 @ \$16, 12 Doors 2"x6"x1¾ @ \$2.05 each, 24 Windows 24x32, 2 lights, @ \$2.25 per Window. Discounted the entire bill 5 per cent and received cash for the proceeds.

Received cash of H. Seabrook in full for his note given us Jan. 28, with interest from that date to the present at 6 per cent per annum.

Prepaid the balance due on our note favor Ray Turner, receiving a discount for the number of days before maturity at 10 per cent per annum, and paying cash for the proceeds.

Sold the following lumber to city customers: G. M. Null, 180 Second Ave., on account, 2,400 ft. Flooring @ \$26, 50 Fence Posts, sawed, @ 25 cts. each, 40 pcs. 2x6—16 @ \$16, 1,500 3 inch Pickets @ \$13.75. . . . M. I. Martin, 239 Fifth Ave., cash \$12.50, balance on account, 750 ft. Clear Siding @ \$27, 500 ft. Flooring @ \$26, 2 Windows, 12x28, 4 lights, @ \$1.75 per Window. . . . H. C. White, 222 Third St., on account, 6 pcs. 6x8—16, 4 pcs. 4x4—18, 32 pcs. 2x4—18 @ \$16.50; 900 ft. Ship Lap @ \$17.50.

Received notice of the protest of a note for \$2,000, signed by our neighbor, Henry Moore, and which we had endorsed as a matter of accommodation. The note, interest, and protest charges amount to \$2,125.50. [No Entry.]

We have borrowed \$2,000 of the Commercial Bank on our note at 30 days indorsed by H. B. Matter, deducting interest at 8 per cent paid in advance for 33 days.

We have give H. B. Matter a chattel mortgage on our stock of lumber for \$2,000, to secure him in indorsing the above note for us, the same to be void when we pay the note. [No entry.]

Paid the protested note and charges in full, \$2,125.50, which we now hold as a claim against Henry Moore. [Open an account with protested paper.]

Received cash of H. Orton on account \$100.

Paid H. B. Matter's demand draft on us for \$200.

Drew out cash for personal use \$37.50.

Sold Henry Trenton, on account, 10 M Shingles @ \$3, 1,250 ft. Sheeting @ \$14.50, 60 pcs. 2x4-12 @ \$15.

Paid H. B. Matter cash on account \$156.84.

7

Sold five acres of our farm to S. T. Lacey for \$700, receiving in payment the two unpaid notes given him Jan. 25, with interest since that time at 6 per cent, paying him cash for the excess.

R. Graham has returned the note given him Jan. 29, and we have given him his note received in exchange for the former, each being for \$200.

H. Smith has paid us cash for his note dated Jan. 7.

Sold C. Emerson, Vinton, on account, 24 boards 1x18-18, 36 boards 1x14-16, 20 boards 1 1/4x12-14 @ \$35; 20 M Shingles @ \$3.12 1/2; 7 M Lath @ \$3.15; 9 Doors 2"x6"x1 3/8, second quality, @ \$1.75 each; 12 Windows, 12x14, 8 lights, @ \$1.48 per Window.

Sold H. Orton, Belle Plaine, cash \$40, balance on account, 2 M Flooring @ \$22.50, 1,500 ft. Siding @ \$21.75, 1,250 feet Finishing Lumber @ \$35; 18 pcs. 6x8--20, 6 pcs. 8x8--16, 21 pcs. 2x8--16 @ \$17.25.

Sold Quick & Sharp, on account, 500 Split Posts @ 22 1/2 cts., 20 M Fencing @ \$14.50. Received cash of H. Trenton in full of account.

Sold H. B. Matter the balance of our real estate, 5 acres of land, for \$625, paying the note given him on the 4th inst., with interest since that date at 6 per cent, and receiving cash for the balance of the consideration.

8

A fire broke out in the lumber yard last night, destroying all our lumber, and also destroying a part of the posts and fencing which we had billed to Quick & Sharp yesterday, but had not yet delivered.

Notified the Insurance Co. of the loss, and also of the chattel mortgage in favor of H. B. Matter, requesting them to make the loss payable to him.

We find that 300 Posts and 15 M Fencing had been delivered to Quick & Sharp yesterday, the balance is our loss, and hence must be credited to their account.

The Insurance Co. required an approximate inventory of the quantity of Lumber on hand, as shown by our purchase and sales books, which proving satisfactory, they have paid their policy in full to H. B. Matter, who has paid the same to the Commercial Bank and taken up the note for \$2,000 which we discounted there on the 5th inst.

We have collected cash in full of account of G. M. Null, R. O. Graves, M. I. Martin, and H. C. White.

We have settled with H. Orton, discounting \$5.11 from his account and collecting cash for the balance, and also with C. Emerson, discounting \$6.15 from his account and collecting cash for the balance.

Paid cash to the yard men for wages to date \$40.93.

9

Have disposed of the entire remnants of lumber that were saved from the fire, to Quick & Sharp for \$165.25, which they have indorsed as paid on the first note due them. They have also settled their account by indorsing the amount of same as paid on the second note due them.

The protested note of Henry Moore being estimated worthless, should now be carried to Loss and Gain.

Our creditors have all agreed to accept the cash we now have, as full payment of their claims, the same to be distributed proportionately among them, and we have made payments accordingly.

The student may now complete the posting and close the ledger.

Business Forms.

We shall group the various forms together in this chapter for convenient reference at any time, illustrating the forms as partly printed and partly written, as they usually appear in business, the blank forms being printed ready for use, and the address, date, time, amount, and names of persons being written in as the blanks are used.

PROMISSORY NOTES.

A promissory note is a written promise to pay a certain sum of money at a specified time. The person who signs the note and thereby makes the promise is called the maker; the person to whom it is made payable is called the *payee*; if the payee transfers the ownership to another by writing his name on the back of the note, he is called an *indorser*, and the writing is called an *indorsement*; and the person to whom he makes the indorsement is called the *indorsee*. One who signs a note with the maker, to give it additional credit, is called a *surety*.

A note made payable only to a specified person, is said to be *non-negotiable*. A note made payable to a certain person or order, or bearer, is called *negotiable*; being negotiable by indorsement, if payable to order, and negotiable by delivery, if payable to bearer.

FORMS.

1

(Negotiable by Indorsement—Individual.)

\$ 249.25 Waco, Texas, Sept. 3, 189—

 Thirty days after date I promise to pay
 to the order of James T. Johnson
 Two Hundred Forty-nine & $\frac{25}{100}$ Dollars,
 value received.
 No. 1 Due Oct. 6, 189— Henry Thompson

If the above note read "I promise to pay James T. Johnson," omitting the clause, "to the order of," the note would be non-negotiable.

If the above note had been made payable to "James T. Johnson or bearer," it would have been negotiable by delivery.

2

(Joint Note—Payable at Bank—Interest.)

\$ 327.50

Pittsburg, Dec. 11, 189—

Ninety days after date we promise to pay
to the order of Gresham and Sutherland
at the Iron City National Bank

Three Hundred Twenty-seven $\frac{50}{100}$ Dollars,
with interest at the rate of 8 per cent per annum, value received.

Norman Young

No. 2 Due Mar. 14, 189—

Albert Kramer

The above note holds the two signers jointly responsible for payment, the same as partners are jointly held.

If the latter signed the note as surety, he would write the word surety after his signature, and in that case, would not be held responsible for payment until the first signer, called the principal, failed to pay.

3

(Due Bill—Demand—Cash.)

\$127

WILBRAHAM, MASS., April 19, 189..

Due Carl Zimmerman, or order, on demand,

One Hundred Twenty-seven.....DOLLARS.

D. E. WILTON.

Due bills are classed with promissory notes, because they are written promises to pay.

If the due bill is not payable in money, the commodity in which it is payable will be named in the next line following the amount.

DRAFTS.

Drafts are orders drawn by one firm, addressed to another firm, and directing the payment of money to a third person or his order. They are usually made payable at sight or a stated time after sight or after date.

Drafts drawn by banks and addressed to other banks directing the payment of money to parties named in the drafts, are called bank drafts. Bank drafts are payable on demand, without days of grace.

4

(Bank Draft—Sight.)

Students Commercial Bank*Mansfield, Ohio, Nov. 8, 189—* No. *1239*Pay to the order of *Gilbert & Patterson* \$ *275.25**Two Hundred Seventy-five &* $\frac{25}{100}$ **Dollars,****TO THE CENTRAL NATIONAL BANK,
CHICAGO.***Charles Sumner*

Cashier.

If Gilbert and Patterson desire to send money by mail, they will avoid the risk of loss by purchasing a draft at their own bank, which is made payable at some commercial center, and this draft being payable only after being properly indorsed, reduces the risk to the very least amount.

It is advisable for the firm sending the draft to have it drawn payable to themselves, after which they can indorse it to the firm they desire to pay, and thus show the complete chain of ownership.

Individual drafts are drawn by one individual or firm, on another individual or firm, and may be made payable at sight or at a given period after sight.

5

(Individual Draft—Time.)

Keokuk, Iowa, Jan. 6, 189— No. *37**At thirty days sight,* Pay to the order of*Henry Cunningham* \$ *192.25**One Hundred Ninety-two &* $\frac{25}{100}$ **Dollars,**

value received, and charge to account of

WITH EXCHANGE.

To *John Brown,**Indianola,**Iowa.**J. A. Montrose*

John Brown indicates his acceptance of the draft and makes agreement to pay it, by writing across the face of the draft the word "Accepted," giving the date and signing his name. [See text page 40 for a written form of acceptance.]

BANK CHECKS.

A check is an order on a bank, drawn by a person having or assuming to have sufficient funds in the bank to pay the check. Checks are generally written payable to order, if they are likely to be carried for several days or to be sent by mail; and payable to bearer, if they are likely to be taken to the bank at once, unless the person giving the check wishes to retain the cancelled check after it has been paid and returned to him by the bank. Such a check made payable to order and endorsed by the party receiving it, is the best form of receipt, being complete evidence of the payment.

6

(Bank Check Payable to Order.)

Watertown, A. D., Feb. 9, 189— No. 39

College National BankPay to the order of John Emerson \$ 22.25Twenty-two & $\frac{25}{100}$ Dollars,Roger M. Haskins

A bank check should be presented for payment not later than the day after it has been received, or if the check is sent to a distance, it should be collected as soon as practicable. If the holder of a check has not shown due diligence in presenting it for payment, and the bank should fail before he collects it, the holder of the check must suffer its loss. But if the drawer of the check has not kept sufficient funds in the bank to pay the check, and the bank refuses its payment, the drawer becomes responsible to the holder of the check.

Checks are sometimes drawn payable at some future day, in which case they are not presented for payment until the time expires.

If the bank cashes a forged check, the bank must lose the amount, and not the person whose name has been forged.

If the party is responsible for whom such a check has been cashed, the bank can require him to redeem the forged check.

Persons frequently prefer to carry a bank check for some time, instead of taking the risk of losing the money. In such case, it is customary to present the check to the cashier, and if the depositor's account is good, the cashier writes on the face of the check the word "certified," and his official signature, and debits the amount to the depositor; the check becoming a liability of the bank, the same as an accepted draft would be. This process is called "certifying a check."

CERTIFICATES OF DEPOSIT.

When a party places money in bank, which he does not intend to draw out for some time, he usually takes a certificate from the cashier of the bank, which is made negotiable, and in all respects similar in character to a note due on demand.

7

(Demand Certificate.)

\$ 500

Eureka, Ills., Sept. 9, 189—

BUSINESS COLLEGE BANK

I Hereby Certify, That James Shermanhas deposited in this bank Five Hundred DOLLARS,
payable to his order, on surrender of this Certificate.No. 129R. E. Quinlan

Cashier.

A time certificate, one payable at a specified date, would insert the time after the word payable; as "payable six months from date, to his order, on surrender, etc."

ORDERS.

An order is very similar to a sight draft. It differs from it mainly in the fact that the order is usually addressed to a party residing in the vicinity of the drawer. The order may be drawn payable in money or in chattels.

8

(Money—Negotiable.)

\$75.

FENTON, MICH., June 6, 189..

Mr. J. G. Plumb will please pay to the order of Myron Chandler, Seventy-five Dollars, and charge the same to my account.

H. H. RAMBLER.

9

(Merchandise—Non-Negotiable.)

\$37.

GREENWICH, R. I., July 1, 189..

MR. M. B. HARTMAN,

Please let Charles N. Parker have Thirty-seven Dollars, in merchandise from your store, and charge the same to my account.

HIRAM CHESTERFIELD.

INDORSEMENTS.

Indorsements are entries written on the back of any paper. They are either a transfer of title, a giving of security, or a receipt for a payment applying on the contract indorsed.

When a paper is written payable to the order of John Sones, and he wishes to transfer his title to Henry Sherwood, he writes on the back of the paper an order for its payment to Sherwood.

For the convenience of bank tellers, and others who have large numbers of such indorsed papers to handle daily, it is well to write the indorsement across the left end of the paper.

On negotiable papers that are likely to have several indorsements, care should be taken to write the indorsements as close together as is convenient. If the back of the paper should be covered with indorsements, other indorsements can be written on blank paper attached to the original.

10

(Forms of Indorsement.)

1 (Transfer of Title.)	Pay to the order of Henry Sherwood. JOHN SONES.
2 (Without Recourse.)	Pay to Henry Sherwood, or order, without recourse. JOHN SONES.
3 (In Blank.)	JOHN SONES.
4 (Blank—Without Recourse.)	Without recourse. JOHN SONES.
5 (For Money Paid.)	Sept. 3, 189... Received on within note Fifty (\$50) Dollars.
6 (For Collection.)	Pay to the order of the College Bank of Grand Rapids, Mich., for collection. JOHN SONES.
7 (Protest Waived.)	Notice and protest waived. JOHN SONES.

No. 1 transfers the ownership from Sones to Sherwood.

No. 2 transfers ownership, but relieves Sones from any responsibility if the note is not paid when due.

No. 3 transfers the ownership to any party who may hold the note, making it in effect payable to the bearer.

No. 4 transfers the ownership as in No. 3, except that it relieves Sones from further responsibility.

No. 5 is a receipt for money paid to apply on the promise indorsed. Such indorsements need no signature.

No. 6 does not transfer the ownership of the paper to the bank, but merely gives authority to the bank to collect the paper as Sones's agent.

No. 7 renders Sones liable as surety without a formal notice or protest, as the law usually requires.

RECEIPTS.

A receipt is a written acknowledgment of the giving of a value, or the fulfillment of a promise.

The essential elements are place and date, of whom received, what or how much received, for what, and the name of the one receiving.

11

(Receipt—On Account.)

Stillwater, Minn., Aug. 20, 189—

Received of Henry A. Sutherana

One Hundred Twenty-seven and

 $\frac{75}{100}$

Dollars,

to apply on account.

\$ 127.75

George W. Carter

A receipt given for money which was never paid is like a note without a consideration. It cannot be made binding in law. So a receipt given in full of an account, when only a part of the account was paid, is not binding, unless the account was under dispute and a compromise was agreed upon, or unless it was paid before the time agreed upon, or paid in a place or manner not agreed upon; in which case the deviation from the contract could be taken as the remainder of the consideration.

MARGINAL RECORDS.

The business forms printed for general use are bound in books of convenient form and size, and so arranged that single sheets can be torn out and used. On the left margin of each sheet is a blank space that remains in the book, with a memorandum of the sheet that is torn out. This margin is called the stub of the note, check, or draft, and the important facts that should be recorded on the stub are the date and number of the paper, to whom issued, the amount, and for what it was given.

Thus, if Johnson & Turner had given their check No. 13 to Oscar Simmons for rent one month, the check and stub would be filled out as follows:

12

(Check and its Margin.)

Sept. 1, 189--

Austin, Texas, Sept. 1, 189.. No. 13

No. 13

Second National Bank

Favor Oscar Simmons

Pay to the order of Oscar Simmons

\$ 37.50

Thirty-seven and

 $\frac{50}{100}$

Dollars, \$ 37.50

For Rent 1 month

Johnson & Turner



These marginal records being retained by the one issuing them, serve a double purpose. They assist him in keeping a record of the amounts he has drawn from the bank, and the numbers of the checks; and what applies equally to all classes of paper, they assist him in keeping a memorandum of his transactions until it is convenient to enter them on his books.

REMARKS AND LEGAL POINTS.

The preceding forms (receipts excepted) comprise the varieties that are ordinarily grouped together under the general title of Commercial Paper. The note and the certificate of deposit are promises, while the draft, check, and order are each orders to a second party directing payment to a third; all of the varieties last enumerated may become promises by acceptance or certification.

The drawee of a draft, check, or order, corresponds to the maker of a note; the payee is common to all; while the drawer of a draft or check corresponds to the indorser of a note.

DATE. If a paper is not dated, and the time of payment is not specified, it is considered due at any time.

PLACE OF PAYMENT. If the place of payment is specified on a note, the maker is expected to call at that place and pay the note when due. Leaving the note at the place of payment on the day it is due, is considered the same as demanding payment. If no place of payment is designated, it is then payable wherever it is held.

A draft or check is payable at the drawee's place of business; and if not in business, at his residence, or wherever he may be found.

TIME OF PAYMENT. Checks and orders are generally payable on demand or at sight, and are not entitled to days of grace.

All classes of commercial paper that are negotiable, and that are made payable a certain time after date, after sight, or after any given event, are entitled to three days more than the specified time, these being called days of grace.

If the last day of grace falls on Sunday or on a legal holiday, the paper is payable on the second day of grace; but if the second and third days of grace are occupied by a holiday and a Sunday, then the paper falls due on the day following the third day of grace.

A note payable on demand is not due until it is presented for payment, and is not entitled to days of grace.

In computing the time of payment on papers written payable a certain number of days after date, we count the actual days in each month up to the time of payment; but if the time is specified in months, we count calendar months. Thus, note No. 1 is due 30 days after Sept. 3, or Oct. 6, allowing the days of grace. No. 2 is due Mar. 14. A note dated Feb. 28, and payable in one month, is due March 31; but if payable in 30 days, it is due April 2, if in a common year, and April 1, if in a leap year. A note dated Jan. 28, 29, 30, or 31, and payable in one month, will fall due March 3. The same note at thirty days will fall due March 2, 3, 4 or 5.

CONSIDERATION. The expression "value received" indicates that the paper has been given for value. The words are not strictly necessary in negotiable paper, because the law assumes that a valuable consideration was received, or the note would not have been given.

A paper that is given without consideration cannot be collected, if it is still held by the one to whom it was made payable.

PAYABLE IN MONEY. All commercial papers are considered payable in money, unless otherwise stated. A paper that is not payable in money cannot be classed as negotiable paper.

AMOUNT. The amount should be written in words in the body of the paper, and also expressed in figures. If there is a discrepancy between the words and figures, the words are considered correct.

INTEREST. If interest is to be paid, it is better to state the rate agreed upon. If the rate is not specified in the paper, it will draw interest according to the law of the state where it is payable.

All varieties of commercial paper, if not paid when due, are subject to legal interest, whether it is specified in the paper or not.

NEGOTIABLE PAPER. Negotiable paper is such as can be transferred from one to another by indorsement or merely by delivery. It is written payable to order, or bearer. It is entitled to days of grace on all time paper.

In order to be classed as negotiable paper, and share its special privileges, it must be payable in money; it must also be payable absolutely, that is, the payment cannot be based on a contingency which may or may not happen.

NON-NEGOTIABLE PAPER. Notes and other commercial papers are non-negotiable, when they are not written payable to order or bearer, and when they are made payable in merchandise or chattels.

INDORSEMENTS. The special laws governing indorsements pertain only to negotiable paper; because, non-negotiable paper is usually only transferable by assignment.

A paper that is made payable to a certain person or order, or to the order of a certain person, must have his name indorsed upon it, in order to effect a transfer of the paper to a third party. His indorsement is not only a transfer of ownership, but also a guaranty or surety for the payment of the paper.

The indorser of a paper is responsible for its payment, if the maker or payer fails to pay it.

Each indorser, unless he qualifies his indorsement, as in indorsements 2 and 4, virtually executes a warrant to every subsequent holder:

That the paper is what it represents to be.

That he has a good title to it.

That, if the paper is dishonored, he will upon due notice, unless such notice is excused, pay the amount due thereon.

Other parties who have had no relation to the paper may write their names as indorsers in blank (written like indorsement 3,) thereby becoming surety for the payment of the paper.

RIGHTS OF THE MAKER OR PAYER. The maker of a note, or the drawee or acceptor of a draft may refuse payment of the same under certain circumstances, usually based on the following conditions, called legal defenses:

1. Want of consideration, either total or partial. If the paper was given without value, he is not obliged to pay it; or if he has received only a part of the value named, he can be made to pay only that amount, provided the payee still holds the paper.

If the payee has indorsed it, before it was due, to an innocent purchaser, that is, one who knew nothing regarding the want of consideration, the purchaser can collect the paper, even when the consideration was incomplete.

2. Obtained by Fraud. If it can be shown that the note was obtained by fraud, the maker is not obliged to pay the payee; but an innocent holder may collect the note.

3. Obtained by Finding. The maker cannot be compelled to pay the party having found a note; but a man who has purchased it from the finder for a consideration, provided he knew nothing of the circumstances, and provided that it is payable to bearer, or openly indorsed, can enforce its payment.

4. Obtained by Theft. The one having stolen a note cannot enforce its payment; but one who has purchased it in good faith, even from the thief, provided it is payable to bearer, or openly indorsed, has a perfect title to it. [This law of title pertains to no other class of stolen property except negotiable paper.]

5. Lapse of Time. If any paper remains unpaid for more than six years after it is due, and no partial payment has been made on it, its collection cannot be enforced by any one. The length of time varies in different states.

6. Forged Paper. A paper with a forged signature is worthless even to an innocent purchaser, except as he may have recourse to a genuine indorser.

7. Amount Raised. A paper whose amount has been raised by substituting a larger amount for the one originally written, is good for the original amount, the amount raised being treated the same as a forgery.

RIGHTS OF PURCHASERS. In order that the various classes of negotiable paper may be of the greatest use to the commercial world, that they may be used with great freedom in the place of money in the various transactions, the law has granted this class of property special privileges, and has given purchasers of such property peculiar rights, that pertain to no other variety of property.

If a person buys any negotiable paper before it falls due, and gives a valuable consideration for it, he can collect it, even if it was given without value, or if it was stolen; in other words, the law sustains him in taking the paper for just what it says; provided, the signature is genuine, and the paper is not yet due. If the paper is past due and remains unpaid, it is pretty conclusive evidence that the maker of the note has some good defense; hence, a person purchasing a paper after it is due, must take it subject to any defense that may exist between the maker and the payee.

A purchaser of a forged paper does not have any peculiar rights; because, the law regards a forged paper merely as any piece of blank paper, so far as it represents property value.

RIGHTS OF INDORSERS. In order to hold indorsers responsible for the payment of negotiable paper, it must be presented to the maker for payment when due; and in case of non-payment, the indorser must be notified at least by the day following the dishonor of the paper. This notice may be given personally, or it may be a written notice, directed to the indorser's address, and deposited in the postoffice, postage prepaid, not later than one day after the dishonor.

An indorser may wish to avoid the trouble and expense of sending notices, and also of writing a protest for non-payment; in such case, he writes "Notice and Protest Waived" above his signature in the indorsement, thus making himself responsible without receiving notice and protest.

PRESUMPTIONS OF LAW. The law presumes certain facts regarding commercial paper; just as it presumes any man innocent until his guilt is clearly proven.

These things presumed by law must be disproven, if any person would establish any contrary fact regarding them. These presumptions are:

1. A valuable consideration, whether expressed on the paper or not.
2. That the holder of the paper is the owner, unless circumstances indicate otherwise.
3. That the transfers and indorsements were made before the maturity of the paper.
4. That the holder received the paper for value, in some business exchange.
5. That the maker of the paper meant just what was expressed on the paper.

NOTICE OF NON-PAYMENT.

As soon as any paper that has been indorsed becomes due and payment is not made by the maker, the indorsers should be notified by the holder of the paper, if he desires to make them responsible for the payment of the paper. The notice may be given verbally or in writing. In either case it should describe the dishonored paper with reasonable certainty.

This notice may be given by the holder of the paper or by any party connected with it, who may be called on to pay the holder, and may be sent to each indorser from whom the holder would have the right to reimbursement. The drawer of a check or draft should be notified, in case of non-payment or non-acceptance.

13

(Notice of Non-Payment.)

Note No. 1, if indorsed by the payee, James T. Johnson, to the present holder, Charles Graham, would require the following notice, if not paid at maturity, which, according to the note, would be Oct. 6, 189..

WACO, TEXAS, Oct. 7, 189...

MR. JAMES T. JOHNSON,
Denison, Texas.

DEAR SIR:—Please take notice that a note for (\$249.25) Two Hundred Forty-nine $\frac{25}{100}$ Dollars, signed by Henry Thompson, dated Sept. 3, 189.., due Oct. 6, 189.., and indorsed by you, was duly presented by me, the holder, to the maker, for payment, and was not paid; therefore, I shall look to you for payment of the above mentioned note.

Respectfully,

CHARLES GRAHAM.

PROTEST.

A protest is a formal declaration made by a notary public, giving a copy of a bill or a note, or referring to the original paper annexed to the protest, and stating that its acceptance or payment has been demanded and refused, giving the reason of the refusal, if any, and also stating the object of the protest.

The protest is necessary in case of the dishonor of foreign bills, and it may or may not be made in case of dishonor of drafts and notes.

In case of protest, the notary usually writes the notices of non-payment, and mails a copy of the notice to each indorser on the paper protested.

14

(Protest for Non-Payment.)

The bank draft given on a former page, if indorsed by Gilbert & Patterson to Archer & Parton, would require the following protest to be drawn by a notary public, in case the Central National Bank of Chicago, should refuse payment.

STATE OF ILLINOIS, }
COOK COUNTY. } ss.

On the Twelfth day of November, A. D. 189., at the request of Archer & Parton, the holders of the original bill hereto attached, I, Richard Blank, a Notary Public, duly appointed, commissioned and qualified, residing in Chicago, in the County and State aforesaid, did present the original bill, which is annexed hereto, and demanded payment of the drawee thereof, which was refused.

Whereupon, I, the said Notary, at the request aforesaid, did PROTEST, and by these presents do solemnly PROTEST as well against the drawee and indorsers of said bill as against all others whom it doth or may concern for exchange, re-exchange and all costs, damages, and interest already incurred, and to be hereafter incurred, by reason of non-payment.

And on the day and year above written, I deposited due notice of the foregoing protest in the postoffice in Chicago aforesaid, postpaid, signed by me, as follows:

Notice for Gilbert & Patterson, directed Mansfield, Ohio.

Notice for Students' Commercial Bank, directed Mansfield, Ohio.

Each of the above named places being the reputed place of residence of the persons to whom said notice was directed respectively.

FEES.

Protesting	75 cents
Notices	10 "
Registering	50 "
Demand	50 "
Postage	10 "
	<u>\$1.95</u>

IN TESTIMONY WHEREOF, I have hereto set my hand and Notarial Seal at Chicago aforesaid, the day and year above written.

RICHARD BLANK,
Notary Public in and for Cook County.

BILLS.

The term bill, as commonly used, refers to a statement of the items of a sale; or of the indebtedness of one party to another for services rendered; or the statement of an account.

It is customary for wholesale dealers to send statements of account at the end of each month, to all who are indebted to them; so that the accounts may be corrected if they are wrong, and also that collections may be kept up promptly.

An account current differs from a monthly statement, in that it contains an itemized list of the debits and credits, while a statement contains merely the aggregate of each debit and credit, assuming that a bill of items has already been sent for each. It is used in business when itemized bills have not been sent with each purchase.

15

(Sale of Merchandise.)

St. Paul, Minn., Jan. 3, 189—

Mr. Henry Cushman,

Wildor, Minn.

Sales, 195.

Folio, 224.

Salesman, Jones.

Terms, 30 days.

Bought of SHARP & STRONG,

WHOLESALE GROCERS,

129 & 131 CAPITOL ST.

2	shs. Rio Coffee,	160 and 162,	322 lbs. .18	57 96		
3	ch. Y. M. Tea,	$\frac{85}{16} \quad \frac{80}{15} \quad \frac{85}{14}$	205 " .42	86 40		
3	Bbls. A Sugar	$\frac{205}{18} \quad \frac{302}{20} \quad \frac{305}{22}$	842 " .08 $\frac{3}{4}$	73 68		
4	Boxes Bab. Soap. ea. 60,		240 " .06 $\frac{1}{2}$	15 60	233 34	

16

(Statement of Account.)

Denver, Colo., Dec. 31, 189—

Messrs. Taylor & Co.,

Greeley, Colo.

In Acc't with BAKER & STUART.

189—						
Dec.	1	Bal. per Statement Nov. 30	125 75			
	12	Mdse. per bill rendered	327 64			
	23	" " " "	98 66	552 05		
		Cr. _____				
Dec.	18	Cash per draft	250			
		Rebate, shortage Inv. 12th inst.	12 05	262 05		
		Balance due		290		

17

(For Services.)

Little Rock, Ark., Sept. 14, 189—

Mr. Harry Glenn,

To G. R. BRONSON, Dr.

For 10 ds. labor laying stone	\$3.00	30		
" 5 " " plastering	3.25	16	25	46 25
Received Payment,				
G. R. Bronson.				

ACCOUNT SALES.

An account sales, or strictly an account of sales, is a detailed statement of a consignment of merchandise, rendered by a commission merchant to the party having made the consignment. It is a copy of the account as shown on the commission merchant's sales book; except that the sales representing credits are classed first, and the expenses or payments, representing debits, are grouped below the sales, instead of the two occupying right and left pages of an account.

18

(Account Sales of Fruit.)

OTTUMWA, IOWA, Sept. 28, 189..

Messrs. A. E. Maxwell & Co.,

Muskegon, Mich.,

DEAR SIR:—Below please find account of sales by Hanlan & Co., of 200 baskets Peaches, 100 baskets Grapes.....Received Sept. 21, 189.. per Am. Express Co., and sold for account of yourselves.

Sale No. 295. Folio 74.

189..		Sales.							
Sept.	22	Cash Sales	75	baskets	Peaches	.60	45		
			50	"	Grapes	.40	20		
	25	Sales on Acct.	50	"	Peaches	.62 1/2	31	25	
			20	"	Grapes	.35	7		
	27	Cash Sales	75	"	Peaches	.60	45		
			30	"	Grapes	.37 1/2	11	25	159 50
189..		Charges.							
Sept.	22	Express \$25, advertising \$3,					28		
	27	Commission 5 per cent.					7	98	35 98
		Net proceeds to your credit.							123 52

INVOICES OF SHIPMENT.

A party shipping any variety of merchandise to a commission merchant for sale, usually mails a detailed statement or list of the goods sent, when sent, by what route, and for what purpose.

It is not usual for the consignor to fix any price on staple goods, as the consignee is expected to obtain the best prices he can for the goods sold. Consignors sometimes write an estimated cost price, merely to govern the consignee in his estimate of the selling price.

19

(Invoice of Fruit.)

MUSKEGON, MICH., Sept. 19, 189..

Messrs. Hanlan & Co.,
Ottumwa, Iowa.

Below we hand you an invoice of Merchandise, sent you this day per American Express Co., Freight unpaid, to be sold on account and risk of ourselves.

Consignors, A. E. MAXWELL & Co.

200	Baskets Peaches, Invoiced	.40	80	
100	" Del. Grapes, "	.28	28	108

QUESTIONS FOR REVIEW.

1. What is a promissory note? 2. Who is the maker of the note? 3. Who is the payee? 4. Who is the indorser? 5. What is an indorsement? 6. Who is the indorsee? 7. Who is a surety of a note? 8. When is a note said to be negotiable; when non-negotiable? 9. What words or clauses render a note negotiable? 10. When is a surety responsible for the payment of a note? 11. Why are due bills classed as notes? 12. What are drafts? 13. What difference is there between a bank draft and an individual draft? 14. What difference is there between a time draft and a sight draft? 15. How are time drafts accepted? 16. To what is an accepted draft equivalent? 17. What is a bank check? 18. When are checks generally written to order, and when to bearer? 19. When should bank checks be presented for payment? 20. Who becomes responsible for the payment of a check, if the bank refuses its payment? 21. What is the process, termed certifying a check? 22. What is a certificate of deposit? 23. How does an order usually differ from a draft? 24. What seven varieties of indorsement can you describe? 25. What is a receipt? 26. Is a receipt valid, if given for more than the amount received? 27. What records should be made on the margins of blank business forms? 28. The maker of a note corresponds to what party on a draft? 29. The payee of a note, to what party? 30. The indorser of a note, to what party? 31. If the time of payment is not given, when is any commercial paper due? 32. Where should commercial papers be paid? 33. When are papers estimated due that are payable after date or after sight? 34. How is time estimated, if expressed in days? 35. How estimated, if expressed in months? 36. Is it necessary to express the term, value received, on a commercial paper? 37. How is the amount written? 38. What is the law regarding interest on commercial paper? 39. What are the essential elements of negotiable paper? 40. What double contract does an indorser make? 41. What rights or defenses has the payer? 42. What special rights belong to purchasers of negotiable paper? 43. What are the rights of indorsers? 44. What are the presumptions of law regarding commercial paper? 45. When is notice of non-payment necessary? 46. What is a protest, and when is it used? 47. How often are statements of account sent to debtors? 48. What is an account current? 49. What is an account sales? 50. What is an invoice of shipment?

Mercantile Terms.

We have not attempted to give a dictionary of all the terms in use, but have selected a list of the more common words and phrases, and such as would seem of special utility to those preparing for business; nor have we given all the definitions that belong to these words. It has been our study to select only those definitions that apply particularly to the commercial use of each term or phrase.

It would be well to use these lists as lessons for oral and written spelling and definition, until the scholar can write correctly and use correctly each word in the list.

ACCEPT.—To agree to pay a draft at maturity.

ACCEPTANCE.—An agreement by signature to pay a draft or bill according to its terms. Also the term applied to the bill after being accepted.

ACCOMMODATION.—The loan of money or of one's name merely as a favor.

ACCOMMODATION PAPER.—Notes or bills given without actual indebtedness or consideration, to be used for the accommodation of some other person.

ACCOUNT.—The arrangement of debits and credits under the name of a person or some appropriate title.

ACCOUNTANT.—One skilled in the art of keeping accounts.

ACCOUNT CURRENT.—A running account. A detailed statement of the transactions between two persons or firms, usually expressed in the form of debtor and creditor

ACCOUNT SALES.—An itemized statement of sales and expenses, sent by a commission merchant to his principal.

ACCRUED.—Interest accumulated and unpaid.

ACKNOWLEDGEMENT.—A formal admission made before an officer, that the act described was voluntarily done. The officer's certificate of the admission is also called an acknowledgement.

ACTUARY.—An officer of life insurance companies, skilled in computing annuities.

ADJUSTMENT.—A general settlement; usually of a loss, or of a disputed account.

ADMINISTRATOR.—One that is legally appointed to settle an estate.

ADULTERATION.—The act of mixing spurious articles with a genuine commodity.

AD VALOREM.—According to value. A custom house term, relating to the estimating of duties upon the value of imported goods.

ADVANCE.—Increase in prices. Money paid on goods before their delivery.

ADVENTURE.—A shipment of goods to be sold on the shipper's risk.

ADVICE.—Information or counsel given, usually relative to the sale or purchase of goods.

AFFIDAVIT.—A written declaration under oath.

AGENT.—One who acts for another, usually in the transaction of business.

ALLOWANCE.—A deduction made for various reasons. A stipulated sum granted to a person.

ANNUITY.—A sum of money payable at stated periods.

ANTE-DATE.—To date before the present time.

APPRAISAL.—The act of placing a value on goods.

APPRAISER.—One who makes the appraisal.

APPURTENANCE.—A minor improvement, a right or a privilege belonging to any property and passing with it from one owner to another.

ARBITRATION.—The adjustment of a disputed point by a person or persons chosen by the parties in dispute.

ARREARS.—Dues not paid at maturity.

ASSESS.—To value property for the purpose of taxation. To levy a tax.

ASSESSOR.—One who values the property.

ASSETS.—Property values or resources of any kind.

ASSIGNEE.—A person to whom the property of a bankrupt or an insolvent debtor is transferred for the benefit of the insolvent's creditors.

ASSIGNMENT.—The act of transferring property to the assignee.

ASSIGNOR.—One who makes an assignment.

ASSORTMENT.—A variety of sorts or kinds.

ASSUME.—To become liable for the promises of another.

ASSURE.—The same as insure, which is written more frequently.

ATTACHMENT.—A warrant for the purpose of seizing a man's person or property.

ATTORNEY.—A lawyer. An agent usually appointed by written authority under seal, and called an attorney in fact.

AUCTION.—A sale to the highest bidder.

AUCTIONEER.—One who sells at auction.

AUDIT.—To examine and prove accounts.

AUDITOR.—An officer appointed by government, state or county, or by any corporation, to examine claims upon the treasury, and to investigate the treasurer's accounts.

AUXILIARY.—Applied to various account books that are kept as aids to the principal books.

AVAILS.—The proceeds of property sold.

AVERAGE.—An apportionment of a loss at sea among those interested in ship and cargo. The mean time of payment for several debts due at different times.

AVOIRDUPOIS.—The common standard of weight for all articles except the precious metals and medicines.

BAIL.—Surety for another; especially, surety for his presence on trial at a stated time.

BAILMENT.—A delivery of goods to be held in trust.

BALANCE.—A term used to denote the difference between the sides of an account.

BALANCE OF TRADE.—The difference between the value of the imports and exports of any country.

BANK-BOOK.—A pass-book carried by a depositor, in which the teller of a bank records deposits, and in which the book-keeper enters the paid checks at stated intervals, usually at the end of each month.

- BANK-BILLS OR NOTES.**—Promissory notes issued by banks, payable on demand, and used as money.
- BANKRUPT.**—One who is unable to pay his debts, and who fails in business.
- BEARS.**—Dealers in stocks and other commodities, who endeavor to bear down or diminish the prices.
- BILL.**—A statement in writing, as a list of items bought or sold, or of services rendered. The common term applied to a note or draft.
- BILL OF EXCHANGE.**—An order for the payment of money, usually drawn on a person or firm located in a foreign country, the term draft being used to designate bills that are payable in the same country in which they are drawn.
- BILL OF LADING.**—A written account of goods shipped and the conditions of shipment, having the signature of the carrier's agent, and given to the shipper as a receipt.
- BILL OF SALE.**—A writing given by the seller to the buyer, transferring the ownership of personal property.
- BILLS RECEIVABLE.**—Other people's notes and drafts due us.
- BILLS PAYABLE.**—Our notes and acceptances due to other people.
- BOARD OF TRADE.**—An association of business men for the regulation and advancement of commercial interests.
- BONA FIDE.**—In good faith.
- BOND.**—A written instrument under seal, by which the party executing the bond binds himself and his heirs to the fulfillment of certain stipulations.
- BONDED CARS.**—Cars containing imported goods under seal, on which the duty has not been paid.
- BONDED GOODS.**—Those which are stored in a bonded warehouse, or in bonded cars, the owner having given bonds securing the payment of import duties or of internal revenues, upon their removal or their arrival at some inland city of entry, and before a specified time.
- BONDED WAREHOUSES.**—Warehouses where goods are stored under bonds securing payment of duties or revenues.
- BONUS.**—A premium given on a loan, or for any favor shown.
- BROKER.**—An agent who effects sales or purchases, or who makes loans and contracts for another. Also a term applied to one who deals in stocks. A broker does not usually have possession of the property which he sells or buys as agent.
- BROKERAGE.**—A percentage charged by a broker for transacting business for another person.
- BULLION.**—Uncoined gold or silver.
- BULLS.**—Dealers who operate to raise the price of stocks or other commodities.
- BUSINESS.**—Exchange of commodities and of commercial values. Also a term representing one's occupation.
- CAPITAL.**—The investment in business.
- CARGO.**—The freight of a vessel.
- CASHIER.**—The officer who has charge of the finances of any business. The executive officer of a bank.
- CARRIER.**—One who conveys goods for others.
- CERTIFICATE.**—A written voucher attesting to some fact; as a certificate of deposit, a certificate of stock.
- CERTIFIED CHECK.**—One which has been certified or accepted by the bank on which it is drawn, making the bank responsible for its payment.
- CHARTER.**—A paper from government defining the rights and privileges of corporations. To hire or let an instrument of transportation; as a ship, a railway car.
- CHATTEL.**—Any kind of property except real estate. Examples: merchandise, notes and accounts, animals, leases of real estate, etc.
- CHECK.**—An order on a bank drawn by a depositor.
- CLEARANCE.**—A custom house officer's certificate, showing that a vessel has been cleared, and has permit to sail.
- CLEARING HOUSE.**—The place where banks make exchange of drafts and checks, and settle balances.
- CODICIL.**—A supplement to a will.
- COIN.**—A piece of metal impressed with the government stamp, and used as money.
- COLLATERALS.**—Pledges of stocks, notes or chattels, for security on loans and other indebtedness.
- COMMERCE.**—Exchange of commodities.
- COMMERCIAL PAPER.**—Bills of exchange, drafts and notes given in the course of trade.
- COMMISSION.**—A percentage given for the sale or purchase of goods, or the transaction of other business.
- COMMODITY.**—A term relating to everything movable that is bought and sold. Examples: goods, wares, merchandise, the products of lands and manufactures.
- COMMON CARRIER.**—One who for pay engages to transport goods for any person who chooses to employ him.
- COMMON LAW.**—Law based upon the precedent of usage, and not contained in the statutes enacted by legislative bodies.
- COMPACT.**—An agreement or contract between parties.
- COMPANY.**—A corporation. A term used in a firm name to designate other partners whose names are not given.
- COMPROMISE.**—To settle a claim by paying or receiving only a part of the amount. To agree upon a settlement based upon mutual concessions.
- CONSIDERATION.**—The material cause of a contract. The thing promised, or the reason for the promise.
- CONSIGNEE.**—One to whom goods are sent.
- CONSIGNMENT.**—Merchandise consigned to an agent to be sold.
- CONSIGNOR.**—One who sends or consigns the merchandise.
- CONSOLS.**—The chief public stock of England, bearing 3 per cent interest.
- CONSUL.**—An agent for a government, residing at a seaport in a foreign country, and guarding the commercial interests of his own country.
- CONTRA.**—On the opposite side.
- CONTRABAND.**—Unlawful. Articles prohibited from being bought or sold.
- CONTRACT.**—An agreement based on a consideration, to do or not to do a certain thing.
- COPARTNERSHIP.**—The joining of two or more persons into one firm for the purpose of carrying on any enterprise. It has the same meaning as partnership.
- COPYRIGHT.**—The right granted by government to an author to control the publication of any book or work.
- CORPORATION.**—A number of persons associated together, composing a firm for conducting any enterprise specified in their charter.
- CORRESPONDENCE.**—An interchange of letters.
- CORRESPONDENTS.**—Banking firms and collection agencies with whom a bank has accounts, are called its correspondents.
- COUNTERFEIT.**—A spurious bank bill; a forgery.
- COUNTERSIGN.**—To sign as a subordinate officer.
- COUPON.**—An interest note or a certificate attached to a bond, which is cut off from the bond and collected when due.
- COUPON BONDS.**—Bonds with interest coupons attached.
- COVENANT.**—A mutual agreement under seal.
- CREDENTIALS.**—Testimonials giving authority.
- CREDIT.**—Trust given to a debtor. Mercantile reputation entitling one to be trusted. The side of an account on which we enter all values received from the party represented by the title.
- CREDITOR.**—One giving credit; one whom we owe.

CURRENCY.—Paper money as distinguished from coin. In a broader sense, the entire volume of money in circulation.

CUSTOM HOUSE.—A place where government duties are collected.

CUSTOMS.—Taxes or duties levied by government upon goods imported or exported.

DAYS OF GRACE.—An extension of time, usually three days, after a written obligation becomes due.

DEBIT.—An entry on the debtor side of an account.

DEBT.—An amount due from one to another.

DEBTOR.—One owing a debt.

DECIMAL.—That which increases and decreases by tens.

DEED.—A written contract under seal, usually transferring the ownership of real estate.

DEFALCATION.—Deduction or discount. Embezzlement of money by an officer having it in charge.

DEFAULTER.—One who fails to account for money and property entrusted to him.

DELIVERY.—The passing of money or goods to another.

DEPOSIT.—To commit to the care of another; especially to place money in bank subject to our order.

DEPOSITARY.—One to whom something is entrusted.

DEPUTY.—A person appointed to act for another.

DIPLOMACY.—The art of conducting negotiations with foreign governments.

DISCOUNT.—An allowance for payment of a debt before it is due. A sum prepaid as interest for the advance of money. To buy a note or account for less than its full amount.

DISHONOR.—A failure to pay an obligation when due. A failure to accept a draft when presented for acceptance.

DIVIDEND.—The portion allotted to each stockholder in the division of profits.

DONOR.—One who gives or bestows a gift.

DORMANT.—Referring to a partner who takes no share in the public management of a business, hence not named in the firm, but who shares in the gains and losses.

DOWER.—The right of a widow to a life interest in one-third of all the real estate owned by her husband at any time after their marriage.

DRAFT.—An order on an individual or a firm for the payment of money.

DRAWEE.—One to whom the draft is directed.

DRAWER.—The party drawing the draft and ordering payment.

DUE-BILL.—A brief, written acknowledgement of a debt, having the effect of a promissory note.

DUPLICATE.—An exact copy of anything.

DURESS.—Personal restraint, or fear of personal injury.

DUTIES.—Taxes levied by the government on imports, and sometimes on exports.

EARNEST.—Part of purchase money paid, or part of goods delivered to bind a verbal contract.

EFFECTS.—Property of any kind.

EMBARGO.—A government order prohibiting ships from sailing from any port.

EMBARRASSMENT.—Financial difficulty.

EMBEZZLEMENT.—A fraudulent appropriation of money entrusted to one's care.

EMPORIUM.—A commercial center.

ENDORSE, OR INDORSE.—To write one's name on the back of a commercial paper. To receipt a partial payment on the back of a note or bill.

ENDORSER, OR INDORSER.—The person who writes his name on the back of a commercial paper.

ENDORSEMENT.—See Indorsement.

ENGROSS.—To copy in manuscript.

ENTRY.—The record of a business transaction in an account book.

EQUATION.—The process of equalizing or averaging.

EQUITY.—The science of right and justice, which often corrects the application of law in a particular case.

EXCHANGE.—The giving of one value for another. The process of remitting money values by means of bills and drafts. The discount or premium arising from the purchase or sale of different classes of paper.

EXECUTION.—A written direction given to an officer, authorizing him to enforce a judgment. The act of signing and sealing a legal instrument.

EXECUTOR.—One appointed by will to settle the estate of a person deceased.

EXPORTS.—Articles sent out of the country.

EXTENSION.—An agreement between debtor and creditor, postponing the time of payment of a debt.

FABRIC.—Any manufactured cloth; as, cotton or woolen fabrics.

FACE.—The amount expressed on a bill or note.

FACTOR.—An agent to whom goods are consigned for sale.

FAC SIMILE.—An exact copy.

FAILURE.—The act of becoming insolvent.

FAVOR.—A complimentary term applied to a letter received. A note or bill is said to be in favor of the payee.

FEE SIMPLE.—The absolute ownership of real estate.

FINANCE.—The revenue of a state. Public money.

FINANCIER.—One having charge of the public revenues. One skilled in money matters.

FIRM.—A general title of partnership, or of a business house.

FISCAL.—Pertaining to the public treasury or revenue. As, the fiscal year, meaning the financial year as reckoned by the department of finance.

FIXTURES.—The furnishings of a store or office that are not movable.

FLAT.—A term applied to stocks that are dull of sale.

F. O. B.—Free on Board. A term used on invoices and price lists, indicating that the merchandise is delivered to the carrier for shipment, without charges for cartage or boxing.

FOLIO.—The page of an account book.

FOOTING.—The amount of a column of figures.

FORCED SALES.—Sales of goods under price because of business necessity.

FORECLOSURE.—A process by which mortgaged property is sold by the mortgagee in order to pay the debt secured.

FORGERY.—The act of fraudulently writing or altering a written document.

FRAUD.—Deception practiced for the purpose of gaining an unfair advantage.

FREE GOODS.—Goods admitted to a country free of duty.

FREE TRADE.—Commerce between nations unrestricted by duties or tariff regulations.

FREIGHT.—Merchandise being transported. The price paid for transportation.

FUND.—A sum of money set aside for a special purpose.

FUNDED.—Turned into a permanent debt or loan.

FUNDS.—Ready money.

G AUGING.—The process of measuring the contents of casks.

GOODS.—A term synonymous with merchandise, chattels, commodities.

GOOD WILL.—The reputation and patronage that pertains to an established business.

GRACE.—Favor. See Days of Grace.

GRATUITY.—A free gift.

GREENBACKS.—United States notes, as distinct from national bank notes.

GROSS WEIGHT.—Weight of merchandise including the case or wrapping.

GUARANTEE, OR GUARANTY.—A surety for the performance of a contract, in case the party making the contract fails to keep it. A security against loss.

HIGHWAY.—A road which every one has the right to use.

HONOR.—To accept a draft, or to pay it when due.

HOUSE.—Another word for firm.

IMPORT.—To bring from a foreign country. The article brought.

INDEMNIFY.—To make good for injury or loss.

INDEMNITY.—A guarantee against loss or damage.

INDENTURE.—A mutual agreement in writing between two or more parties.

INDORSE.—See Endorse.

INDORSEMENT.—A writing on the back of any commercial paper.

INFRINGEMENT.—To trespass upon the rights of another, especially when granted some special right by law, such as a copyright, a patent, or a trade mark.

INJUNCTION.—A writ or process by which a party is required to do or to refrain from doing a special act.

INSOLVENCY.—Being unable to pay all debts; usually, synonymous with bankruptcy.

INSTALLMENT.—Part of a sum of money paid or to be paid.

INSTANT.—Referring to the present month; as, the sixth instant means the sixth day of the present or current month.

INSURANCE.—A contract to indemnify one in case of loss.

INTERNAL REVENUE.—That part of our government revenue which is collected as internal duties or taxes.

INTEREST.—A certain percentage paid by the debtor to the creditor for the use of money. A share in any business.

INTESTATE.—Dying without having made a will.

INVENTORY.—An itemized list of goods with their prices and amount.

INVESTMENT.—The laying out of money in the purchase of property.

INVOICE.—An itemized bill of merchandise bought, sold or shipped.

JOBBER.—One who buys from importers and manufacturers, and sells to retailers.

JOB LOTS.—Remnants and broken assortments of merchandise sold in lots under regular prices.

JOINT STOCK.—Property held in common by a company of men, each of whom is called a stockholder.

JOURNAL.—A book used to prepare entries for the ledger.

JOURNALIZING.—Entering records in the journal.

JUDGMENT.—The decree of a court enforcing a contract or redressing a wrong.

JUNIOR PARTNER.—The youngest member of a firm.

LANDLORD.—One who owns real estate and leases it to another.

LARCENY.—The taking of personal property unlawfully. Theft.

LEASE.—The letting of land and other property for hire. The contract for such letting, usually written, but sometimes verbal.

LEDGER.—The book of accounts to which all of the records are finally carried.

LEGACY.—A gift of property by will.

LEGAL TENDER.—That kind of money which legally can be offered in payment of a debt.

LETTER OF CREDIT.—A letter, usually addressed to banking houses in foreign cities, authorizing the holder to receive credit for a stated amount.

LIABILITY.—Any debt owed by a person.

LICENSE.—A legal permit to do a certain thing.

LIEN.—A legal claim on any class of property to secure payment of a debt.

LIQUIDATE.—To pay or settle a claim.

LOAN.—To lend to another for temporary use. The article lent.

MAKER.—The signer of a note.

MANIFEST.—A list of the articles in a vessel's cargo.

MANUFACTURE.—The process of changing raw materials into forms suitable for use.

MARINE.—Pertaining to the ocean; hence, to navigation.

MATURITY.—The date when commercial paper becomes payable.

MERCHANDISE.—Wares, goods, commodities bought and sold in trade.

MERCANTILE AGENCY.—An agency established to collect and disseminate information relative to the financial standing of business men.

MERCANTILE PAPER.—Notes and drafts of business men.

MINT.—A place established by the government for the purpose of coining money.

MONETARY.—Pertaining to money.

MONEY.—Any coin or currency lawfully employed as a representative of value in buying and selling.

MONOPOLY.—The sole right to make or sell a certain article. The exclusive control of anything.

MORTGAGE.—The written pledge of real estate or chattels to secure payment of a debt.

MORTGAGEE.—One to whom a mortgage is given.

MORTGAGER, OR MORTGAGEOR.—One who gives the mortgage.

NEGOTIABLE.—A term applying to commercial paper, that may be transferred by endorsement, or simply by delivery.

NEGOTIATE.—To transact business, or treat with another.

NET.—Clear of all charges. The exact weight or amount after all deductions are counted out.

NET PROCEEDS.—The proceeds of a sale after all expenses are deducted.

NOTARY, OR NOTARY PUBLIC.—An officer who acknowledges deeds and other commercial papers; but whose chief business is to protest paper for non-acceptance and non-payment.

NOTE.—A written or printed promise to pay, without seal.

OPEN ACCOUNT.—An unsettled account with a person or a firm.

OPEN POLICY.—One intended to cover all goods shipped by a person within a specified time; each special shipment and the amounts of insurance to be indorsed upon the policy, as the shipments are made.

OPTION.—The privilege of taking or delivering, that is, buying or selling a certain amount of any specified property at a given price.

OUTLAWED.—A term applied to a debt which has run beyond the time when the law will enforce its payment.

OUTSTANDING.—Referring to debts or liabilities unpaid.

OVERDRAW.—To draw a greater sum than one has to his credit.

OVERDUE.—A term referring to a note or other obligation that remains unpaid after it is due.

OWE.—To be indebted.

PAR.—Equal in value. Any paper is at par when it is worth its face value, without premium or discount.

PAROL.—Oral, not written. Also applied to written contracts not under seal.

PARTNER.—An associate in any business or occupation.

PARTNERSHIP.—The association together of two or more persons for the purpose of conducting any business.

PAR VALUE.—The nominal value; usually the printed or written value of any paper.

PASS-BOOK.—A book in which a trader enters articles bought on credit. It is usually carried by the purchaser, and is presented for record when the purchases are made.

PATENT.—An official document securing to a person for a term of years, the exclusive right to an invention.

PAY —A deposit or pledge, given as security for a loan. The term only applies to chattels or money, and not to real estate.

PAWNBROKER.—One who lends money on pawns or pledges.

PAY.—To discharge a debtor obligation. An equivalent for goods, salary, or wages.

PAYEE.—The one to whom payment is to be made; especially in whose favor a paper is drawn.

PAYER.—The one who pays, or is under obligations to pay.

PERSONAL PROPERTY.—All property except real estate; chattels.

PLAINTIFF.—One who brings a personal action in law against another party, who is called the defendant.

PLEDGE.—The delivery of personal property as security for a debt.

POLICY.—A written contract of insurance.

POLITIC.—Prudent, sagacious. In a broader sense, for the public good.

POSTING.—Transferring debits and credits to the ledger.

POWER OF ATTORNEY.—A written instrument giving an agent authority to act for his principal. An agent thus empowered is called an Attorney in Fact.

PREFERRED STOCK.—Stock taking preference over the ordinary stock of a corporation. A dividend is declared and paid on preferred stock before any can be declared on common stock.

PREMISES.—A term applied to any piece of real estate, or to a building and its appurtenances.

PREMIUM.—The amount paid for insurance. The excess of any value above par.

PRICE.—The value of an article. The amount paid or demanded for any commodity in trade.

PRICE CURRENT.—A table of the market values of various commodities.

PRIMA FACIE.—At first view. Prima facie evidence is that evidence which is sufficient unless rebutted.

PRINCIPAL.—The one employing an agent to act for him. The sum loaned upon which interest is computed.

PROMISSORY NOTE.—A written promise to pay a certain sum of money unconditionally, at a specified time.

PRO RATA.—A proportional distribution.

PROTECTIVE TARIFF.—Rates of duty fixed on certain imported commodities, for the protection of home manufacturers.

PROTEST.—A formal declaration made by a notary public, of the non-payment of a note, or non-acceptance and non-payment of a draft.

QUARANTINE.—Restraint of intercourse to which a ship, dwelling or town is subjected, on account of being infected with some contagious disease.

QUOTATIONS.—The published prices of merchandise, rates of freight, rates of exchange, etc.

RATE.—The price or value.

RATIFY.—To sanction or approve; usually applied to a principal's approval of an agent's transactions.

REAL ESTATE.—Land, and everything that legally passes with it in a conveyance or sale.

REBATE.—Deduction from the price. Discount.

RECEIPT.—A written acknowledgment of having received money or other property.

RECEIVER.—A person appointed to take charge of the affairs of a corporation on its dissolution, and to distribute its property according to law.

REFUND.—To repay or to pay back.

REMITTANCE.—The act of transmitting money values from one place to another. The value sent is called a remittance.

RENEWAL.—As applied to commercial paper, to give a new note or bill on which the time of payment is extended, for a paper now due.

RENT.—Money or goods given by a tenant to his landlord, to pay for the use of property.

RESPONSIBLE.—Liable. Having sufficient property to meet all ordinary obligations.

RESOURCES.—Money, property, or that which can be converted into property; as, claims against other people, either on written or verbal promises.

RETAIL.—To sell in small quantities.

REVENUE.—The income of individual or nation. As applied to a nation, its receipts into the treasury, derived from taxes, duties, customs, etc.

REVOCATION.—The recall of authority conferred on another; as, the revocation of an agency.

RIGHT OF WAY.—The right of an individual or corporation to pass over the land belonging to another person.

SALE.—The transfer of property from one person to another, for a price.

SALVAGE.—An allowance made by law to those who save a ship's cargo from a wreck or fire.

SAMPLE.—A specimen of any commodity.

SCHEDULE.—A paper containing a list or inventory of items.

SECURITY.—An evidence of debt; as, a government bond. A pledge given or something deposited to make good a contract. A person who becomes surety for another.

SET-OFF.—A counter claim. A claim which the debtor or defendant brings to reduce the claim of a creditor or plaintiff.

SETTLE.—To adjust or close up an account.

SHAREHOLDER.—The same as stockholder.

SHIPMENT.—Merchandise shipped. The act of transporting merchandise.

SHIPPER.—One who leaves merchandise with another for transportation.

SIGHT.—The time of presenting a draft or bill to the drawee.

SIGHT DRAFT.—A draft made payable at sight.

SIGNATURE.—The name of a person written with his own hand.

SILENT PARTNER.—A partner investing in the business, but not publicly named in the firm.

SINKING FUND.—A fund set aside for sinking or paying the debts of the government, or of a corporation.

SOLVENT.—Being able to pay one's liabilities.

STAPLES.—Articles commonly used; as, staple dry goods and groceries.

STATEMENT.—A list of resources and liabilities. A report of an agent's transactions sent to his principal. An itemized list of the debits and credits of any personal account; as, monthly statements sent by wholesale dealers to their customers.

STATISTICS.—A collection of facts pertaining to any one subject.

STATUTE.—A law enacted by a legislature.

STIPULATION.—A contract or an agreement.

STOCK EXCHANGE.—A place where bankers and brokers meet to buy and sell stocks, bonds, etc.

STOCKHOLDER.—One who owns shares of the capital stock of a corporation.

STOCK.—Shares in the stock of any corporation; also, railroad or government securities.

SUB-AGENT.—An agent appointed by an agent.

SUE.—To bring an action against one in law.

SURETY.—A person who has made himself responsible for the contract of another.

SUSPEND.—To stop payment.

SYNDICATE.—A number of capitalists who unite together to dispose of a large loan, or to conduct some great financial enterprise.

TACIT.—That which is understood or implied.

TARE.—An allowance made for the weight of boxes, barrels, or wrappings of merchandise. The remainder after deducting the tare is called net weight.

TARIFF.—A list of prices; as, a freight tariff. A list of duties or customs on imports or exports.

TELLER.—One who receives or counts. A bank officer who receives or pays out money.

TENDER.—The offer of payment or satisfaction of a demand, usually the offer of legal money, called a legal tender, for the payment of a debt.

TENEMENT.—Any real estate leased to a tenant. Applied especially to houses built for rent.

TESTATOR.—A person who has made a will.

TICKLER.—A book containing a memorandum of notes and debts, arranged in the order of their maturity.

TIME DRAFT.—A draft made payable at a specified time; usually a certain period after date, or after sight.

TRADE DISCOUNT.—A discount from certain list prices, or from the amount of purchases, made to a dealer on account of a change in the prices, or on account of cash payments.

TRADE MARK.—A device placed upon manufactured goods to distinguish them from imitations.

TRANSFER.—A conveyance of property.

TRUST.—The holding of property by one for the benefit of another. To give credit to one.

TRUSTEE.—A person to whom property is legally entrusted.

ULTIMO.—The last month preceding the present; as, on the twentieth ultimo, meaning the twentieth of last month.

UNCURRENT.—A term applied to money that does not pass in common payment. Foreign coins are uncurrent in the United States.

UNDERWRITERS.—Companies who insure against loss.

USUANCE.—The time usually allowed in a particular country or city, for the payment of a bill of exchange.

USURY.—Interest in excess of the highest rate allowed by law.

VALID.—A term applied to a contract that is properly executed; that is, legal or binding.

VOID.—Having no legal or binding force.

VOIDABLE.—Capable of being avoided or confirmed, as the party chooses.

VOUCHER.—A document or paper proving that some transaction occurred; as, a receipt or a cancelled note is a voucher for the payment of money.

WARRANT.—To insure against defects. Authority given to an officer to arrest a person. A writing authorizing the holder to receive money.

WARRANTY.—An agreement to become responsible, if certain facts do not turn out as represented.

WAY-BILL.—A paper containing a list and description of goods sent by railroad.

WHOLESALE.—To sell goods in quantity; usually, in unbroken or whole packages.

ABBREVIATIONS.

A 1.....First Quality	Cr.....Creditor	I. B.....Invoice Book	P. O.....Post Office
@.....At	Cts.....Cents	i. e.....(est) That is	Pr.....Pair
Acct.....Account	Cs.....Cases	In.....Inches	Prem.....Premium
Adv.....Adventure	Cwt.....Hundred Weight	Ins.....Insurance	Prox.....Proximo
Agt.....Agent	D. B.....Day Book	Inst.....Instant	Pc.....Piece
Amt.....Amount	Dec.....December	Int.....Interest	Ps.....Pieces
Ans.....Answer	Dep.....Deposit	Inv.....Invoice	Pt.....Pint
Apr.....April	Dft.....Draft	Inv't.....Inventory	Qr.....Quarter
Art.....Article	Dis.....Discount	Jan.....January	Qt.....Quart
Asstd.....Assorted	Do.....(Ditto) The Same	J.....Journal	Recd.....Received
Aug.....August	Doz.....Dozen	J. F.....Journal Folio	R. R.....Rail Road
Bal.....Balance	Dr.....Debtor	lbs.....Pounds	S. B.....Sales Book
Bbl.....Barrel	Ds.....Days	L. F.....Ledger Folio	Sec.....Secretary
B. B.....Bill Book	Ea.....Each	M.....Thousand	Sept.....September
Bdls.....Bundles	E. E.....Errors Excepted	Mar.....March	Shipt.....Shipment
Bds.....Boards	Embd.....Embroidered	Mdse.....Merchandise	St.....Street
Bgs.....Bags	Eng.....English	Mem.....Memorandum	Sunds.....Sundries
Bk.....Bank	Ex.....Example	Messrs.....Gentlemen or Sirs	Super.....Superfine
Blk.....Black	Exch.....Exchange	Mftg.....Manufacturing	T.....Ton
Bls.....Bales	Exp.....Expense	Mo.....Month	Trans. --- } Transportation
Bot.....Bought	Fav.....Favor	Mr.....Mister	Trans. --- } Transaction
B. Pay.....Bills Payable	Feb.....February	Mrs.....Mistress	Ult.....Ultimo
B. Rec.....Bills Receivable	Figd.....Figured	Nat.....National	Via.....By way of
Bro.....Brown	F, or Fol.....Folio	N. B.....Take Notice	Viz.....Namely
Brot.....Brought	Ford.....Forward	No.....Number	Vs.....(versus) Against
Bu.....Bushel	Frt.....Freight	Nov.....November	W. B.....Way Bill
C.....Hundred	Ft.....Foot or Feet	Oct.....October	Wk.....Week
Cap.....Capital	Gal.....Gallon	oz.....Ounce	Wt.....Weight
C. B.....Cash Book	Gdn.....Guardian	P.....Page	Yds.....Yards
Chgd.....Charged	Gro.....Gross	Payt.....Payment	Yr.....Year
Chkd.....Check	Hdkf.....Handkerchief	Pd.....Paid	
Co..... } County	Hhd.....Hogshead	Per.....By	
Co..... } Company	Hund.....Hundred	Pkg.....Package	
C O. D. Collect on Delivery			
Col.....Collection			
Com.....Commission			
Const.....Consignment			

Higher Accounting.

The Essentials of Bookkeeping present the principles and forms of standard accounting.

The following chapters will present modifications of these forms, introducing a larger number and a greater variety of account books, and a more complete classification of accounts as required in Corporation Bookkeeping, Manufacturing, Commission, Keeping Abstracts of Title, Real Estate and Insurance, and Practical Banking.

Set Eight.

PARTNERSHIP SETTLEMENTS.

GENERAL PRINCIPLES OF PARTNERSHIP.

Each partner should have credit for all amounts he contributes to the firm capital, for all amounts he pays out for the benefit of the firm, and for his share of the net gain of the firm; and he should be debited for all obligations assumed by the firm for him, for all amounts withdrawn by him, and for his share of the net loss of the firm.

If the gain or loss is to be divided in proportion to the amounts invested, each partner should have such a part of the gain or loss as his investment is part of the whole capital.

If the partners' investments are for different periods of time, they can be compared by reducing them to equivalents for the same length of time.

When we consider the partners' investments as the capital of the firm, the amounts drawn out by the partners, unless for salaries or interest, should be counted as due from the partners on private account, making such amounts resources of the firm in estimating the net worth and gain or loss. The balance of salaries or interest on capital unpaid to partners, should be counted among the liabilities of the firm in estimating its net worth and gain or loss. After finding the gain or loss of each partner, the investment account, the private account, and the gain or loss of each partner, should be combined to show his net worth.

PROBLEMS IN PARTNERSHIP.

The following examples are to be written in the form of statements, either at the black-board or on practice paper, or both, as the teacher may direct.

1

A, B and C form a partnership for the purpose of buying and selling wood and coal. A invests \$2,000, B invests \$3,000, C invests \$2,500. At the end of the year their net worth is \$10,500. What is each partner worth after distributing the gains according to investment?

2

D invests cash \$9,000, E invests cash \$6,000, and F invests cash \$5,000 in the lumber business, with the understanding that the gains and losses are to be shared according to investment. They pay cash \$18,000 for sundry bills of lumber. Their sales amount to \$24,000, of which they receive cash \$12,000, notes \$7,000, the remainder being charged on account to various persons. Twenty-five per cent of the amount charged on account is considered worthless. The balance of their lumber on hand is destroyed by fire. They pay \$750 for expenses. What is the present worth of each partner?

3

G and H engage as partners in buying and shipping stock, sharing gains and losses equally. G pays \$8.750 for sheep and \$750 for freight, shipping them to H. H sells the sheep for \$11,250, paying for their expenses previous to sale \$250. H sends \$5,000 of the money to G. H pays \$4.675 for cattle and \$825 for freight and other expenses, shipping them to G, who sells them for \$5,280, paying for their feed \$215, for help \$65. How shall the partners settle with each other?

4

I, J, and K each invest in business \$2,500, sharing equally in gains and losses. During a period of two years they draw out the following amounts: I \$4,926, J \$4,200, K \$3,974. At the close of the second year the business is settled up and there is just money enough to pay their debts, leaving neither resources nor liabilities except the three partners' accounts. How much have they gained and how shall they make settlement?

5

L, M, and N enter into partnership; L and M investing \$3,000 each, and N making no investment, but devoting his time to the business. The three partners are to share equally in the gains and losses. During the year L draws out \$750, M draws out \$650, and N \$400. Their resources, exclusive of the partners' accounts, amount to \$8,550, and their liabilities to \$3,000. What is each partner worth at the end of the year?

6

O, P, and Q are partners commencing business without capital. O is to receive two-fifths of the gain or loss, P one-third, and Q the remainder. During the year O is debited for money drawn out \$950, P is debited \$800, and Q \$750. At the end of the year they have cash on hand \$500, personal accounts due them \$375, and office furniture \$225. They owe on their notes \$1650, on personal accounts \$550. What is each partner's gain and net insolvency?

7

Two students, R and S, enter into partnership for the purpose of boarding themselves three months. R pays the first month's rent \$5, S furnishes provisions valued at \$6 and pays \$13.50 for furniture. During the second month R furnishes provisions valued at \$6.50, and through his own carelessness he breaks a lamp worth 50 cents. The firm decide to buy a better lamp, and R pays \$1 for it, one-half of which amount is to be charged to the firm's expenses. S pays the rent \$5, and for additional furniture \$2.50. During the third month R pays the rent \$5, and lends S cash \$6.25. S furnishes provisions valued at \$7 and brings a statement of wood furnished for the three months to the amount of \$12. At the close of three months R leaves school and S continues in the room, retaining the furniture and the balance of the provisions and wood. They estimate the furniture worth now two-thirds what it cost the firm, and the balance of wood and provisions worth \$2.75. How shall they settle their accounts?

8

H and I each invest \$10,000 in business. At the end of three months H draws out \$1,000 and I invests \$1,000. At the end of nine months H invests \$3,000 and I draws out \$3,000. The investments remain unchanged during the remaining three months. The firm's net gain for the year is \$3,600. What is each partner's present worth, after dividing and crediting the gain according to the average investments?

9

J and K enter into partnership, J investing \$8,000, on which he is to receive seven per cent interest. K makes no investment except his time, for which he is to receive a salary of \$1,000 for managing the business. During the year K draws on his salary \$900. At the end of the year the property of the firm is worth \$18,000, on which they owe \$3,000, besides a year's interest on J's investment and \$100 of K's salary. If each partner receives credit for one-half of the net gain, what is each partner's interest at the end of the year?

10

L and M are partners who are to share equally in gains and losses. L invests \$3,000 Jan. 1, 1895. M invests \$2,500 Feb. 1, 1895. Each partner is to receive interest at 6 per cent per annum on his capital invested. On June 1, 1895, L draws out \$500 and M invests \$1,500. On Sept. 1, 1895, L invests \$1,000 and M draws out \$500. On Jan. 1, 1896, their books and inventory show resources amounting to \$18,300, and liabilities amounting to \$4,000, besides the interest due to the partners. What is each partner's net worth after receiving credit for interest on his investment and for his share of the net gain?

Set Nine.

BOOKKEEPING FOR CORPORATIONS.

The advantages pertaining to a corporation are so well known that it would be useless for us to take time and space to dwell upon them. But their relation to the subject of accounts claims our attention at least for a brief chapter.

The process of forming a corporation is defined by the statutes of each state, these differing in some of the minor details, so that a company who wish to form a corporation in any state must consult carefully the laws of that state and govern themselves accordingly.

The first step in forming a corporation is to open a subscription list, in which the proposed incorporators sign an agreement binding themselves to become responsible for the amount of stock for which they subscribe. Usually the subscribers appear before a notary public and acknowledge their subscription and their signature to be their voluntary act.

The proposed incorporators then draw up articles of incorporation, very much like the constitution of a society, giving the name, object, amount of capital, officers and method of management, and such restrictions and limitations as they desire. These articles are recorded in their own county, and also at the capital of their state, after which a charter, or authority to transact business, is issued by the state department. Certain kinds of corporations require a charter to be granted by special act of the legislature of the state.

If the capital is not all to be paid in at one time, the directors, who are elected by the stockholders, call for an installment of the subscribed capital to be paid in, and as the business develops and requires more capital, other installments are called for, until the entire capital subscribed is paid up.

Two of the principal advantages of corporations are that men can thus mass together more capital than they can individually, and that the stockholders are only liable for the amount of capital they have subscribed in case the business proves adverse. This enables them to undertake large enterprises with much less risk than they could as individuals or partners.

After the installment list is made out, and the stockholders pay their installments, they each receive a receipt signed by the president and secretary of the corporation. This is called an Installment Scrip, and these are issued for each installment paid in, until the entire stock subscribed is paid in, when these receipts are returned to the officers, who issue in their stead regular Certificates of Stock.

Another method is to have the certificates of stock printed so that they will show the per cent that has been paid in. If a first installment of fifty per cent has been paid and a certificate granted for it, when the next installment of twenty-five per cent is paid the former certificate is surrendered, and a new one, of which seventy-five per cent is paid up, is issued in its place.

When a stockholder wishes to dispose of his stock to a purchaser, he either makes out a Transfer of Stock, or endorses the order of transfer on the back of his certificate of stock, which he surrenders to the purchaser, to whom a new certificate is issued, and the old certificate is filed away among the canceled papers of the company.

We give forms below representing a subscription list, an installment list, an installment scrip, a partly paid up certificate of stock, the regular certificate of stock, and the method of transferring stock.

SUBSCRIPTION LIST.

We, the undersigned, subscribe the number of shares placed opposite our respective names to the Capital Stock of the Union Real Estate Company, and we agree to pay the calls upon said stock as they may be made by the directors of the company.

189..				Par Value	
Mar.	1	A. Learner	College City, Your State	3000	Thirty Shares
	1	John Morgan	Central City, Any State	2500	Twenty-five Shares
	2	Aaron Brown	Central City, Any State	2500	Twenty-five Shares
	2	Henry Thomas	College City, Your State	2000	Twenty Shares
		Total	10000	One Hundred Shares

This should be followed by the acknowledgment and seal of a Notary Public.

FIRST INSTALLMENT.

The Board of Directors of the Union Real Estate Company have voted a first call of forty per cent of the Capital Stock of the company, to be paid to the treasurer of the company on or before March 6, 189.., as follows:

Date of Call	Subscribers	No. of Shares	Installment	When Paid	Amount Paid	Remarks
189..	A. Learner	30	1200	Mar.	5	1200
Mar.	John Morgan	25	1000		5	1000
	Aaron Brown	25	1000		6	1000
	Henry Thomas	20	800		6	800

INSTALLMENT SCRIP.

\$ 1,200

30 Shares
of \$100 Each

Union Real Estate Company.

Received of A. Learner

Twelve Hundred

Dollars,

being the first call of Forty per cent on Thirty Shares of the capital stock of The Union Real Estate Company

Signed at College City this 5th day of March 189__

R. E. ROGERS,
Sec.

JOHN MORGAN,
Pres.

CERTIFICATE OF STOCK PARTLY PAID UP.

Capital Stock \$10,000.

30 Shares

Union Real Estate Company.

This Certifies that A. Learner

is entitled to Thirty Shares

of One Hundred Dollars each, of which Forty per cent is paid, in the capital stock of the Union Real Estate Company, transferable only on the books of the company, by him or his lawful representative, on surrender of this certificate.

Signed at College City this 5th day of March 189__

R. E. ROGERS,
Sec.

JOHN MORGAN,
Pres.

THE CERTIFICATE BOOK.

Certificates of stock are printed with a stub on the left margin, on which the secretary records all items of importance pertaining to the certificate. These blanks are bound in a book, and when the certificates are issued and torn out, the marginal memoranda remain in the book, and from these memoranda the transfer entries are made in the Stock Ledger.

The following is the ordinary form of a certificate of stock, together with the marginal record.

Certificate No. <i>I</i> <i>March 15</i> 189— <i>30</i> Shares \$100 Each. Issued to <i>H. C. Warden</i> Folio <i>5</i> Transferred from <i>A Learner</i> Folio <i>I</i> Received this Certificate. <i>H. C. Warden</i>	No. 1. <i>30</i> Shares Capital Stock \$10,000. <h2 style="text-align: center;">Union Real Estate Company.</h2> <h3 style="text-align: center;">CERTIFICATE OF STOCK.</h3> <p>This Certifies that <i>H. C. Warden</i> is entitled to <i>Thirty</i> Shares of One Hundred Dollars each in the Capital Stock of the Union Real Estate Company, transferable only on the books of the Company, upon surrender of this Certificate properly indorsed.</p> <p>Signed at College City, this <i>15th</i> day of <i>March</i> 189—</p> <p style="text-align: center;">R. E. ROGERS, Sec.</p> <p style="text-align: right;">JOHN MORGAN, Pres.</p>
--	---

When the above certificate is torn out of the certificate book and delivered to H. C. Warden, he is required to sign his name in the marginal record in the stub, acknowledging delivery of the certificate. If Warden is not present, the party authorized to receive the shares for him can acknowledge delivery of the certificate for him.

ORDER FOR TRANSFER.

The following order for transfer may be written on a blank specially prepared and bound in a book of transfer blanks, or the same may be indorsed on the back of the certificate which is surrendered. The latter method seems more in harmony with usage pertaining to all varieties of papers used in business.

COLLEGE CITY, March 15, 189—
For value received, I hereby transfer to H. C. Warden, all my right and interest in Thirty Shares of the Capital Stock of the Union Real Estate Company, now standing in my name on the books of the Company.
A. LEARNER.

If this transfer were written on the back of the certificate, the word "within" would be inserted in the clause, "all my right and interest in the within Thirty Shares."

If A. Learner wished to dispose of only ten of his shares and keep the rest, he would surrender the old certificate and transfer only ten shares, taking a new certificate for the remainder, and his order of transfer or his indorsement would be expressed accordingly.

THE STOCK LEDGER.

The regular account books of a corporation are kept by the same methods as those of individuals or partners. The only account book peculiar to a corporation is the Stock Ledger, which is a private book kept by the secretary, showing the capital stock owned by each of the stockholders. Each stockholder has a page in this private ledger, and his account has credit for the paid up value of the stock he holds.

The stock ledger is ruled like any other ledger, except that a column is added, next to the folio column, for the number of shares transferred in each transaction recorded.

The entries in the stock ledger are made from the installment lists and from the stubs of the certificate book. A stockholder who pays an installment on his subscription of stock should have credit in the stock ledger for the amount of the installment only, and not for the par value of the stock. If shares of stock are transferred before their par value is fully paid, the paid value should be recorded in the amount columns, the party disposing of the stock being debited, and the party purchasing the stock being credited.

If paid up stock is transferred, the stockholder disposing of it is debited for its par value, and the party purchasing it is credited for the same amount, the number of shares transferred being recorded in the share column.

The certificates of stock are numbered as they are issued, and these numbers are entered in the folio column of the accounts in the stock ledger, while the folios of the ledger accounts are entered in the stub of the certificate, to show that the transfer is recorded in the stock ledger.

The following transactions relate to the stock ledger, the general transactions of the same company being given in the real estate business represented in Set Thirteen.

TRANSACTIONS.

For the first transaction see Installment List No. 1.

Mar. 10.—The directors order a second call of sixty per cent of the capital stock of the Union Real Estate Company, of which A. Learner pays \$1,800 Mar. 12, John Morgan pays \$1,500 Mar. 13, Henry Thomas pays \$1,200 March 13, and Aaron Brown pays \$1,500 Mar. 14.

Mar. 15.—A. Learner transfers his stock, 30 shares to H. C. Warden.

Mar. 20.—John Morgan transfers 10 shares of his stock to A. Learner.

Mar. 21.—Henry Thomas transfers 10 shares of his stock to A. Learner.

Mar. 24.—Aaron Brown transfers 2 shares of his stock to H. C. Warden.

Mar. 27.—Aaron Brown transfers 5 shares of his stock to G. V. Bentley.

April 2.—Henry Thomas transfers 3 shares of his stock to Henry Pierson.

April 4.—John Morgan transfers 5 shares of his stock to Martin Towner.

April 5.—John Morgan transfers 2 shares of his stock to Henry Pierson.

April 12.—Aaron Brown transfers 3 shares of his stock to G. V. Bentley.

April 30.—A dividend of \$3,000 is declared; how much should each stockholder draw?

What two stockholders can combine to control the election at their next time of voting?

The stock ledger is a book of great importance when the stockholders hold their annual meeting, as it gives the basis of their voting in electing officers or passing any measures of importance. Each stockholder is entitled to one vote for each share that stands to his credit, and if he can control a majority of the shares of capital stock, he can control the majority of votes on any question that may come before the corporation.

If the business of the corporation is prosperous and the books show a considerable gain, a part of this is set aside in a reserve fund entitled "Reserve Profits," and the balance is divided among the stockholders according to the capital stock belonging to each. The part that is distributed to the stockholders is called a dividend, and such distributions are usually made once a year.

The distribution and payment of dividends does not require entry in the stock ledger, as this book is kept merely to show at any time the invested capital, and the proportion of the same belonging to each stockholder.

We illustrate on the following page five accounts from the stock ledger, showing all entries that are required in the first five transactions.

A PAGE OF THE STOCK LEDGER.

1

A. LEARNER.

189-Mar.	15	H. C. Warden	No. 1	Shares. 30	3000		189-Mar.	5	Installment No. 1	No.	Shares. 30	1200
								12	" " 2			1800
					3000							3000
								20	John Morgan	2	10	1000
								21	Henry Thomas	3	10	1000

2

JOHN MORGAN.

189-Mar.	20	A. Learner Balance	2	10	1000		189-Mar.	5	Installment No. 1		25	1000
				15	1500			13	" " 2			1500
					2500							2500
								20	Balance down		15	1500

3

AARON BROWN

							189-Mar.	6	Installment No. 1		25	1000
								14	" " 2			1500

4

HENRY THOMAS.

189-Mar.	21	A. Learner Balance	3	10	1000		189-Mar.	6	Installment No. 1		20	800
				10	1000			13	" " 2			1200
					2000							2000
								21	Balance down		10	1000

5

H. C. WARDEN,

							189-Mar.	15	A. Learner	1	30	3000
--	--	--	--	--	--	--	----------	----	------------	---	----	------

Set Ten.

BOOKKEEPING FOR MANUFACTURERS.

This set has been prepared to illustrate a system of bookkeeping, that, with slight modifications, would be adapted to any wholesaling or manufacturing business.

In manufacturing, it is desirable to know the relative cost of the various elements that enter into the manufactured product, and hence an account with each leading element would give more satisfactory information to the proprietors than if all were grouped together into one property account.

Titles adapted to the business can be chosen to represent these elements, each of which is debited with its own cost, and the manufactured product, when disposed of, can be credited to Merchandise. These several accounts being debited and Merchandise being credited, the profit or loss in manufacturing can be determined by closing the debits into Merchandise. In the present set we have chosen Fuel, Wages, Materials, and Commission to represent the debits or cost of the product, and Merchandise for the credits of the product when disposed of.

The columnar journal represents the tendency of modern bookkeeping to condense records, and group the essential facts relating to any business into such space that the proprietor can survey all at a glance, and make a fair estimate as to the progress of his business. Special columns are assigned to each title that is likely to have frequent entries, and the titles that combine to show the progress and standing of the business are grouped on the same page, so that a glance may determine their relation to one another and to the business.

If the aggregate of the cash receipts and payments, the bills receivable received and disposed of, the charges to customers and the amounts paid by them, the expense and discount items, and the cost and proceeds of merchandise are all grouped in the journal daily, and the footings of the several columns are forwarded from page to page, the proprietor can have all of the essential facts relating to the business at any given date by turning to the journal for that date.

THE BOOKS USED.

The journal is the main historical book, and all debits and credits are posted to the general ledger from it. The amounts in the special columns would not be posted to the ledger more frequently than once a month or once a year, in business, as the footings of these columns, forwarded from page to page, would enable the proprietor to survey the business with greater ease and rapidity than he could by turning to the ledger accounts.

We have required the student to post the footings of the special columns to the ledger twice in this set, in order to afford him drill in balancing the journal, and in posting these special columns.

All transactions, except sales, receipts, and payments, are entered directly in the journal with proper descriptive memoranda. Sales are recorded in the sales book, and cash items in the cash book, and the entries are carried from these books in condensed form to the journal, daily or weekly, according to the extent and the requirements of the business.

The journal is proven in balance at any time, by bringing the footings of all special columns into the general debit and credit columns, which should then have the same totals. These can be entered in the general columns and the journal tested at any time, without posting the special column footings to the ledger, if it is so desired. In such case the total of each special column is forwarded in its own column, the same as it was before the test was made in the general columns.

In the journal represented in this set, Commission, Fuel, Wages and Materials are the four titles representing the direct cost of the manufacture and sale of merchandise, and the Merchandise column to the right of these shows the credits resulting from the sale. A survey of the totals in these five columns will show the essential facts relating to the merchandise account; while a survey of the other columns will show the cash on hand, the balance due from dealers, the amount of bills receivable on hand, the amount paid for expenses, and the amount received for interest and discount.

The cash book is kept as a petty cash book, the cash items being entered and described in the order of their occurrence, and the results being combined by titles, for entry in the journal, instead of being posted directly to the ledger. Cash and cash items received on account from dealers are posted directly from this cash book to an auxiliary ledger with dealers, while the total of the amounts received from the dealers is credited in the journal to Dealers' account.

The cash book should be balanced daily, and, as all cash is deposited and all payments are made by check, this balance should agree with the cash in bank, and also with the excess of the debit over the credit column of cash in the journal.

For convenience in combining the items for the journal, a special column may be used on the received page for amounts received from dealers on account, and a corresponding column on the paid page for commissions deducted by these dealers. The entries for the day should be grouped on a slip of paper and the footings tested, before they are transferred to the journal.

When goods are sent to dealers, which they are to sell on commission at a listed price, it is customary to charge the dealers at the listed price, crediting them with the same amount and debiting Commission when they remit the proceeds after deducting commission. These entries will occupy less journal space if they are entered in the cash book and are carried to the journal in the grouping of cash entries at the close of the day. The entire amount to the dealers' credit is entered in the cash book as received, and the commission deducted is entered as cash paid for commission, the difference between the amounts entered as received and paid being the cash items actually remitted by the dealer.

If the dealer remits notes to apply on his account, the same can be entered in the cash book to his credit as cash received, and to the debit of Bills Receivable as cash paid. This will bring the proper debits and credits in the journal columns, without taking any extra journal space. The dealer's credits are posted directly from the cash book to his account in the dealers' ledger, while the total of such credits is carried to the credit of Dealers in the journal.

The sales book in this set should have a special column, for such amounts as require posting to the dealers' ledger. The amounts of merchandise sent on sale and the sales on account are posted to the debit of consignees and purchasers in the dealers' ledger, and the amounts of this column in the sales book are forwarded from page to page, and the total carried to the journal, as often as desired, to the debit of Dealers and credit of Merchandise.

Sales for cash are entered in the sales book without being extended to the special column, after which the entries are checked and the net amounts received are carried to the cash book, to the credit of Merchandise.

There is another method of keeping the sales book, which is used by many wholesalers and manufacturers because of its convenience. The invoices or bill heads are printed in duplicate and are bound into books. Duplicates of each bill are made either by copying or by carbon transfer. One of the bills is torn out and sent to the purchaser, the duplicate remains as a stub in the book. The stub bills take the place of a sales book, and if several are printed on a page, the columns can be added and forwarded, the same as the sales book described above.

Three ledgers are required in this set, the general ledger for all accounts that belong to the business, except those of dealers or customers, the dealers' ledger for customers' accounts, and the stock ledger for stockholders' accounts.

The general ledger has an account with Dealers, in which is posted the aggregate of all debits and credits that are posted to the dealers' ledger. The general ledger is thus kept in balance, while the dealers' ledger is proven correct at any time by comparing a proof of its accounts with the Dealers' account in the general ledger. The excess of the total debits or credits in the proof of the dealers' ledger should equal the excess of the debit or credit side of Dealers' account in the general ledger.

The dealers' ledger should contain all facts of importance relating to each account. If, as in this set, a part of the charges are for merchandise sent on sale subject to deductions for commission, and other charges are for net amounts not subject to such deductions, the fact should be recorded in the explanation column when each entry is made in the ledger. Merchandise sent on sale should be entered "Mdse. on Sale," and merchandise sold and properly discounted from the list prices should be entered "Mdse. net."

If a dealer, having merchandise on commission, remits the proceeds of a sale and deducts his commission, he should have credit for the amount of remittance and commission. In the transactions, under date of April 4, Henry A. Cushman remits cash \$400 and deducts commission \$100 on a sale of \$500, and he should have credit in the money column of the ledger for \$500, itemized in the explanation column "Cash \$400, Com. \$100."

The stock ledger is kept in the same manner as in Set Nine, and has no connection with the other books of the company.

The time book is illustrated among the script forms, and needs no explanations.

The writing of the bill book and the computing of interest on notes are not required in this set, because other sets in the text afford ample drill in these processes.

THE SCRIPT FORMS.

Four pages of the journal are given to illustrate the opening entries, other original entries, condensed entries from the cash book, the method of forwarding the columns to new pages, and the method of balancing the journal, preparatory to posting special accounts to the ledger.

Two days of the petty cash book are given, and below these on the left page are given the tickets combining the cash entries for transfer to the journal. The check marks are written in the folio column of the cash book when the entries are transferred to the daily cash tickets.

A portion of the time book is given, illustrating fully the method of recording each workman's time and also his earnings for each week.

TRANSACTIONS.

MONDAY, APRIL 1, 189...

A stock company has been incorporated this day under the name of The Brown & Sherman Wagon Company, with a capital stock of \$80,000 divided into shares of \$100 each.

The following persons have signed the subscription list for capital stock:

Henry Brown \$25,000, Roger Sherman \$20,000, Martin Townsend \$10,000, Cyrus Adams \$5,000, John Carter \$5,000, Peter Foster \$5,000, Aaron Trent \$5,000, Oliver Jones \$5,000. [A subscription list should be written like the one illustrated in the preceding set, but no entries should be made in the stock ledger until the subscriptions are paid and certificates of stock are taken.]

TUESDAY, APRIL 2.

Bought of Brown & Sherman their entire manufacturing plant and material, including other resources and liabilities as per following the statement:

Resources.—Factory and machinery \$35,000; lumber and other wagon material, including finished wagons and carriages, \$12,250; bills receivable \$5,000; accounts of dealers who hold wagons and carriages for sale on commission, Henry A. Cushman, Corning, \$750.25; Cyrus E. French, Fulton, \$692.25; Geo. A. Truman, Trenton, \$1,250.50; Benjamin Brown, Brunswick, \$1,526.75; Emerson Gardner, Georgetown, \$619.20; David Horton, Hudson, \$910.85.

A discount of 5 per cent has been deducted from the face value of bills receivable to allow for uncollectible notes, and a commission of 20 per cent has been deducted from the amount due from dealers, as they are authorized to deduct that amount when they settle their accounts.

Liabilities.—Balance of account, favor the Kent Lumber Co., Bentonville, \$2,810.70; favor The Union Iron Co., Iron City, \$2,749.34; favor the Western Paint Co., Chicago, \$775.55; favor Fisk & Jones, Boston, \$264.25.

The new company have allowed Brown & Sherman the net worth of the plant as shown in above statement, giving Henry Brown 250 shares of stock fully paid up for his one-half interest, and Roger Sherman 200 shares of stock fully paid up, and credit on account for the remaining \$5,000, for his one-half interest. [These two names should have accounts in the stock Ledger.]

The workmen formerly employed by Brown & Sherman have been retained at following wages:

Charles Martin, foreman in wood work, at \$2.75 per day; and other workmen, numbered 2 to 10 inclusive (names to be supplied by the student), in same department at \$2 per day. Henry Spencer, foreman in blacksmith shop, at \$2.50 per day; and other workmen, numbered 12 to 20 inclusive, in same department, at \$1.75 per day. John Thomas, foreman in trimming department, at \$3 per day; and other workmen numbered 22 to 30 inclusive, in same department, at \$2.25 per day. Frank Reynolds, foreman in paint shop, at \$2.75 per day; and other workmen, numbered 32 to 40 inclusive, in same department, at \$2 per day.

Eight hours is considered a day's work in each department.

In reporting work, if any of the men lose time, the number of hours they work will be reported.

WORKMEN'S REPORT FOR MONDAY.—No. 2 six hours, No. 12 six hours, No. 15 five hours, No. 24 six hours, No. 32 six hours, and all others full time.

WORKMEN'S REPORT FOR TUESDAY.—No. 3 six hours, No. 15 four hours, No. 22 five hours, No. 33 six hours, and all others full time.

WEDNESDAY, APRIL 3.

Oliver Jones, Aaron Trent, and Peter Foster have paid cash for the amount of their subscriptions to the capital stock, and have taken certificates of stock for the same.

Paid for coal for engine room \$75. [All payments in this set are made by check, and all money received is deposited in bank at the close of each day's transactions.]

Paid for invoice of paints for use in the paint shop \$55.50.

The Brown & Sherman Wagon Company have adopted the following

LIST OF PRICES ON WAGONS AND CARRIAGES.

Phaetons.....	\$130.00	Spring Wagons.....	\$95.00
Surreys.....	125.00	Lumber Wagons.....	90.00
Top Buggies.....	110.00	Road Carts.....	25.00

Sent Myron Young, Youngstown, on sale at list prices, 3 Lumber Wagons, 2 Road Carts, 1 Top Buggy. These are to be kept on sale by Myron Young, and when sold he will deduct 20 per cent commission for his services and expenses and will remit to the company for the balance.

Paid for postage and stationery \$5.75.

WORKMEN'S REPORT.—No. 5 seven hours, No. 11 five hours, No. 23 six hours, No. 35 four hours, Nos. 7, 17 and 27 absent all day. Others have worked full time.

THURSDAY, APRIL 4.

Sent our check to the Kent Lumber Co. to balance their account, less a discount of 2½ per cent which they have allowed.

Received an invoice of iron and steel from the Union Iron Co., amounting to \$275.75, billed on account. [Materials.]

Paid for freight on the last invoice \$55.75.

Henry A. Cushman has reported sales amounting to \$500, and has sent cash for same less his commission of 20 per cent.

Sent to Cyrus E. French, on sale at list prices, 2 Spring Wagons, 2 Surreys, 3 Road Carts.

Sold S. A. Jackson, Elgin, 3 Top Buggies, 2 Surreys, 4 Road Carts. Gave him a list discount of 20 per cent, and a cash discount of 5 per cent on the net amount after the list discount (described briefly as discounts 20 and 5 per cent), and received cash in payment of the bill.

Paid for coal for use in blacksmith shop \$17.50. [Fuel.]

Cyrus E. French has sent cash to balance his account, after deducting his commission of 20 per cent.

WORKMEN'S REPORT.—No. 1 six hours, No. 12 seven hours, No. 19 five hours, No. 31 four hours, Nos. 9, 29 and 39 absent all day. Others have worked full time.

FRIDAY, APRIL 5.

John Carter and Cyrus Adams have paid cash for the amount of their subscription to the capital stock, and have taken certificates of stock for the same.

Paid Roger Sherman to apply on account \$2,500.

Received an invoice of leather and trimming material from Fiske & Jones, amounting to \$175.25, billed on account.

Paid for freight on this invoice \$15.25.

Paid for new engine and machinery for use in factory \$7,550.

Received cash of R. A. Howard to pay his note indorsed to us \$555, and for interest on same \$25.50.

Sent to Geo. A. Truman, on sale at list prices, 6 Lumber Wagons, 3 Spring Wagons, 4 Road Carts.

Paid for advertising \$27.25.

Received cash of Henry Truman to pay his note indorsed to us \$150, and for interest on same \$3.75.

Henry Brown has transferred 10 shares of his stock to Oliver Jones. [Stock Ledger.]

Sent to Benjamin Brown, on sale at list prices, 3 Surreys, 1 Phaeton, 4 Road Carts, 2 Spring Wagons.

Emerson Gardner has settled his account in full, paying us cash for the amount due after deducting his commission at the usual rate.

Paid for office books \$27.50.

Cyrus E. French has sent us cash to apply on his account \$200, reserving his report of commission until he completes his sales.

David Horton has sent us cash to apply on his account \$100, without reporting commission.

Sold to retail buyers at the factory for cash, at the list prices, 1 Surrey, 1 Phaeton, 2 Spring Wagons.

WORKMEN'S REPORT.—No. 6 six hours, No. 26 five hours, No. 30 seven hours, No. 34 four hours. Nos. 4, 8, 18 and 25 absent all day. Others have worked full time.

SATURDAY, APRIL 6.

Received an invoice of lumber and wagon material from the Kent Lumber Co., amounting to \$1,516.25, billed on account.

Paid for freight on last invoice \$115.75.

Martin Townsend has taken 50 shares of the stock for which he subscribed, paying cash for the same, and receiving a certificate for that amount.

April 1, 189—

		Ledger				Cash			
		Dr			Cr	Dr			Cr
	Memorandum of Organization occupying six or eight lines.								
	Stockholders	80000							
	Capital Stock				80000				
	Per Subscription List								
	2								
	Factory	35000							
	Materials								
	Bills Rec.								
	Dealers								
	Stockholders				45000				
	Kent Lumber Co				2810 70				
	3 Ledger Credits				3789 14				
	Int. and Dis.								
	Commission				1149 96				
	Poger Sherman Memorandum				5000				
	3								
	From Cash Book					15000			136 25
	Stockholders				15000				
	4								
	Materials								
	Union Iron Co.				275 75				
	Invoice of Iron and Steel								
	From Cash Book					1779 32			31 22 40
	Kent Lumber Co.	2810 70							
		117810 70			153025 55	16779 32			3258 65

April 5, 189—

		Ledger				Cash			
		Dr		Cr		Dr		Cr	
	Entries, 5th inst omitted	1178	10	70	1530	25	55	1677	9
	6	—	—	—	—	—	—	32	58
	Materials							65	—
	Kent Lumber Co.				1516	25			
	Invoice Hard Wood								
	Materials								
	Western Paint Co.				265	25			
	Invoice Paints 5 & 10 days								
	From Cash Book								
	Union Iron Co.	1500						7742	80
	Stockholders				5000			3095	92
	Sales on acct to Dealers								
	Special Column Totals							3662	057
	Cash Cash	3662	057		1659	841			
	Dealers Dealers	952	980		4486	95			
	Bills Rec Bills Rec	5500			820				
	Expense	88							
	Commission	837	39						
	Fuel	92	50						
	Wages	459	82						
	Materials	1474	250						
	Merchandise				4991	80			
	Int. & Dis.				351	82			
	Journal Footings	1972	3128		1972	3128			

Dealers				Bills Rec.				Exp.		Comm.		Fuel		Wages		Materials		Inden.		Subsidi.	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
5749	80	1192	25	5000				575		238	45	92	50			12637		576	80	320	27
																1576	25				
																265	25				
		2375	50	500		115		27	50	475	10			459	82	133	50	250		230	
3780																		3780			
9529	80	4486	95	5500		820		88		837	39	92	50	459	82	14742	50	4991	80	357	82

April, 189—		Cash		Dr.					
				Dealers		General		Total	
3	✓	Stockholders	Oliver Jones			5000			
	✓	"	Aaron Trent			5000			
	✓	"	Peter Foster			5000		15000	
									15000
4			Balance down					14863	75
	✓	Discount	Kent Lumber Co.			70 27			
		Henry A. Cushman	Cash and Com.	500					
	✓	Indee	Sale S. H. Jackson			516 80			
		Cyrus E. French	Cash and Com.	692 25		1192 25		1779	32.
									16643 07
5			Balance down					13520	67

CASH ENTRIES FOR APRIL 3 AND 4, TICKETED FOR THE JOURNAL.

April 3, 189—

Cash Dr. \$15000. Stockholders Cr. \$15000.

Fuel Dr. \$75.00 Cash Cr. \$136.25
 Materials " 55.50
 Expense " 5.75
 136.25

April 4, 189—

Cash Dr. \$1779.32 Discount Cr. \$70.27
 Indee " 516.80
 Dealers " 1192.25
 1779.32
 Kent Lumber Co. Dr. \$2810.70 Cash Cr. \$3122.40
 Materials " 55.75
 Fuel " 17.50
 Commission " 238.45
 3122.40

April, 189—

Cash

Dr

				Com	General	Total
3	✓	Fuel	Coal for Engine Room		75	
	✓	Materials	Invoice of Paints		33 50	
	✓	Expense	Postage and Stationery		5 75	136 25
			<u>Balance</u>			148 63 75
						15 000
4	✓	Kent Lumber Co.	In full of ac		28 10 70	
	✓	Materials	Freight Inv. U. Iron Co.		55 75	
	✓	Commission	H. A. Cushman	1 00		
	✓	Fuel	Coal for Blacksmithing		17 50	
	✓	Commission	Cyrus E. French	138 45	238 45	3122 40
			<u>Balance</u>			13520 67
						16643 07

TEN NAMES FROM THE TIME BOOK.

April 1—6

April 8—13

Names	No.	Rate per day	M.	T.	W.	Th.	F.	S.	Total	Amount Apr. 6	M.	T.	W.	Th.	F.	S.	Total	Amount Apr. 13
Chas. Martin	1	2 75	8	8	8	6	8	8	46	15 81								
James Grant	2	2 —	6	8	8	8	8	8	46	11 50								
Henry Smith	3	2 —	8	6	8	8	8	8	46	11 50								
Lucy Preston	4	2 —	8	8	8	8	—	8	40	10								
Aaron Best	5	2 —	8	8	7	8	8	8	47	11 75								
Roger Parks	22	2 25	8	5	8	8	8	8	45	12 66								
A. B. Quick	25	2 25	8	8	8	8	—	8	40	11 25								
O. M. Strong	30	2 25	8	8	8	8	7	8	47	13 22								
Frank Reynolds	31	2 75	8	8	8	4	8	8	44	15 13								
R. A. Jones	40	2 —	8	8	8	8	8	8	48	12								
										459 82								

Geo. A. Truman has settled his account, not including yesterday's debit, deducting his commission and paying balance by 5 notes amounting to \$500, indorsed to us and accepted at their face value, and cash for the remainder. [Enter all in the cash book.]

Sent Emerson Gardner, on sale at list prices, 1 Surrey, 1 Phaeton, 2 Road Carts, 2 Lumber Wagons.

Sent our check to the Union Iron Co. for \$1,500, to apply on account.

Received an invoice of paints and oils from the Western Paint Co., amounting to \$265.25, billed on account with a cash discount offer of 5 per cent if paid in 10 days.

Paid for freight on last invoice \$17.75.

Benjamin Brown has reported sales of our wagons and carriages amounting to \$1,125, which he has paid in cash less his commission of 20 per cent.

Sent Thomas Kent, Kingston, on sale at list prices, 3 Lumber Wagons, 4 Road Carts, 2 Phaetons.

Sold for cash at the factory at list price 2 Surreys.

Paid for electric light in office and factory \$27.50.

Received cash of Howard Sumner to pay his note indorsed to us \$115, and for interest on same \$2.30.

WORKMEN'S REPORT.—No. 6 six hours, No. 9 six hours, No. 10 five hours, No. 16 four hours, No. 20 seven hours, No. 28 three hours. Others have worked full time.

Drew check for the total amount and paid workmen's wages for the week, per time book.

DIRECTIONS FOR POSTING AND PROVING.

Carry the footings of the special columns to the general columns in the journal. Add the general columns to see if your journal is in balance.

Post all titles to the general ledger and take a proof of same. The cash balance in the petty cash book should agree with the balance shown in the ledger account with cash. The proof of the ledger should be recorded in the trial balance book.

The dealers' ledger should be posted from the sales book and petty cash book, and a proof of same should be taken. The excess of the debits in the proof of the dealers' ledger should be the same as the debit excess in "Dealers" account in the general ledger. The proof of the dealers' ledger should be recorded in the trial balance book, on the same page below the proof of the general ledger.

MONDAY, APRIL 8.

Henry Morgan has been engaged as traveling salesman for the company at a salary of \$50 per week and expenses, and we have advanced \$25 to apply on his expense account. [Debit him for all money paid him on expense or salary account, and credit him with expenses reported and salary earned.]

Paid for a mileage book, to be used on the railway by our traveling salesman \$20. [Expense.]

Henry A. Cushman has sent a bank draft for the balance of his account less his commission on same; and we have sent him, on sale at list price, 2 Lumber Wagons, 2 Phaetons, 3 Road Carts, 1 Surrey.

Benjamin Brown has paid cash for his notes in our hands now due \$700, and for interest on same \$14.70. He has also paid the balance of his old account, not including his debit on the 5th inst., after deducting his commission on same at the usual rate.

Sent Geo. A. Truman, on sale at list prices, 3 Spring Wagons, 2 Top Buggies, 1 Surrey.

Martin Townsend has paid cash for the remainder of his subscription to the capital stock and has taken a certificate for the same.

Sent David Horton, on sale at list prices, 3 Road Carts, 2 Lumber Wagons, 1 Spring Wagon.

Sold the old boiler and engine which we purchased with the factory, and which we have replaced with a larger outfit, to Roger Sherman for \$1,750 to apply on his account.

Received an invoice of iron and steel, to be used in the factory, from the Union Iron Co. amounting to \$452.60, billed on account.

Paid freight on this invoice \$52.25.

Sent a bank draft to the Western Paint Co. for \$750, to apply on account. Gave our check for this draft, and also for exchange 50 cents.

David Horton has deducted commission on his entire balance of Apr. 1st, and has sent us a bank draft for the remainder less the amount he remitted on the 5th inst.

Received cash from Clement Brown to pay his note indorsed to us \$400, and interest on same \$8.

Paid for postage for office use \$5.

Sold to Howard Benton, Bentonville, 3 Phaetons, 2 Top Buggies, 1 Spring Wagon, at list prices less discounts of 20 and 5 per cent, receiving cash.

Sent Myron Young, on sale at list prices, 3 Lumber Wagons, 3 Spring Wagons, 1 Road Cart.

Sold to retail buyers at 5 per cent discount from list prices for cash, 1 Surrey, 1 Top Buggy, 1 Phaeton, 3 Road Carts.

WORKMEN'S REPORT.—No. 3 six hours, No. 10 five hours, No. 13 four hours, No. 20 seven hours, No. 36 six hours. Nos. 5, 15 and 28 absent all day. Others have worked full time.

TUESDAY, APRIL 9.

Sent a bank draft to the Kent Lumber Co. for \$1,000, to apply on account, giving a check to pay for the draft and for exchange \$1.

Gave our check for \$12,500, to pay for a lot and building adjoining the factory grounds, to be used for warehouse and salesroom for wagons and carriages. [Factory.]

Paid for repairing machinery in factory \$27.50. [If an investment is made adding to the permanent value of the machinery, Factory account should be debited; if merely to repair machinery, Expense should be debited.]

C. E. French has deducted commission on his invoice of 4th inst., and has sent us cash for the balance less his remittance of the 5th inst.

Sent C. E. French, on sale at list prices, 2 Phaetons, 2 Surreys, 2 Top Buggies, 3 Lumber Wagons, 4 Road Carts.

Received an invoice of Leather and Trimmings, for use in the factory, from Fisk & Jones amounting to \$452.25, billed on account, with a discount offer of 5 per cent if paid in 10 days.

Paid for freight on last invoice \$16.25.

Benjamin Brown has deducted commission on his invoice of 5th inst., and has paid the balance, indorsing notes to us amounting to \$450 and giving us cash for the remainder.

Sent Benjamin Brown, on sale at list prices, 3 Lumber Wagons, 4 Road Carts, 2 Phaetons, 1 Top Buggy.

Paid for 3 car loads coal for use in the factory \$120.

Sold John Terry, Trenton, 4 Surreys, 2 Phaetons, 1 Spring Wagon, 3 Road Carts, at list prices less discounts of 20 and 5 per cent, receiving cash.

Received cash from Myron Young for his invoice of 3d inst., less his commission.

Sent Emerson Gardner, on sale at list prices, 3 Spring Wagons, 4 Lumber Wagons, 2 Road Carts.

Sold Morris & Neff, Madison, 2 Surreys, 3 Lumber Wagons, 4 Road Carts, at list prices less 20 per cent discount, billing on account. [If regular discount is deducted when goods are billed, the debit entry in the ledger should have "Mdse. net" in the explanation column, to indicate that it is not subject to a deduction for commission.]

Sold to retail buyers, at 5 per cent discount from list prices for cash, 2 Phaetons, 2 Spring Wagons, 1 Surrey.

WORKMEN'S REPORT.—No. 1 five hours, No. 9 six hours, No. 15 seven hours, No. 24 four hours, No. 38. four hours. Nos. 12, 20 and 30 absent. Others have worked full time.

WEDNESDAY, APRIL 10.

Paid cash for insuring factory, machinery and materials for \$40,000 at $1\frac{1}{4}$ per cent.

Received cash of James Martin in payment of his notes in our hands \$325, and for interest on same \$9.75.

Henry Morgan has sent orders which we have filled and shipped to-day, as follows:

Henry Dalton, Dixon, 1 Surrey, 1 Phaeton, 2 Road Carts, 1 Top Buggy, at list prices less 20 and 5 per cent discount, subject to our sight draft. We have drawn on Dalton at sight for the net amount of the bill, and have sent the draft to the Commercial Bank of Dixon for collection. [Make memorandum of the draft in the sales book, and debit Dalton until the draft is paid.]

George Carter, Canton, 2 Surreys, 3 Lumber Wagons, 2 Spring Wagons, at list prices less 20 per cent on account.

Fisk & Jones have drawn on us for \$264.25, to apply on account, and we have paid same including exchange 25 cents.

George A. Truman has sent us cash for his invoice of 5th inst., less his commission on same.

Paid for salaries of employes in the office \$120. [Expense.]

Received an invoice of wagon material from the Kent Lumber Co., amounting to \$2,216.25, billed on account.

Paid for freight on last invoice \$175.50.

Sent to Thomas Kent, on sale at list prices, 3 Phaetons, 6 Lumber Wagons, 2 Spring Wagons, 6 Road Carts.

Emerson Gardner has sent us cash to pay his invoice of 6th inst., less his commission on same.

Sent a bank draft to the Union Iron Co. for \$1,250, to apply on account. Gave our check to pay for the draft and for exchange \$1.

Sold to retail buyers for cash at list prices, 1 Surrey, 1 Top Buggy, 3 Road Carts.

WORKMEN'S REPORT.—No. 3 five hours, No. 14 six hours, No. 26 four hours. Nos. 6, 16, 24 and 36 absent. Others have worked full time.

THURSDAY, APRIL 11.

Aaron Trent has transferred 15 shares of his stock to Oliver Jones.

Received cash from Morris & Neff to apply on account \$200. Sold them 3 Lumber Wagons, 2 Spring Wagons, at 20 per cent discount from list prices, billing on account.

The Kent Lumber Co. have drawn on us for \$516.25, to apply on account, and we have paid the draft and exchange on the same 50 cents.

George O. Cushman has paid cash for his notes indorsed to us \$390, and for interest on same \$7.80.

Henry Morgan has sent us a statement of his traveling expenses to date, amounting to \$22.25, which we have credited, and we have sent him a check for \$30 for expense money.

Sent Henry A. Cushman, on sale at list prices, 2 Top Buggies, 1 Phaeton, 2 Spring Wagons.

Received an invoice of paints and oils, for use in the factory, from the Western Paint Co., amounting to \$315.15, billed on account, with a discount offer of 4 per cent if paid in 15 days.

Paid freight on the last invoice \$15.45.

Received cash from Thomas Kent for his invoice of the 6th inst., less his commission on same.

Sent David Horton, on sale at list prices, 4 Road Carts, 3 Spring Wagons, 2 Phaetons.

Paid teamsters for their services to date \$29.25. [Expense.]

Sent a check to the Western Paint Co. for \$25.55, to apply on account.

Sold to retail buyers for cash at list prices, 2 Surreys, 1 Phaeton, 2 Spring Wagons.

Gave Roger Sherman a check to balance his account:

WORKMEN'S REPORT.—No. 21 five hours, No. 37 six hours, No. 38 four hours, No. 40 three hours. Nos. 1, 10, 19 and 26 absent. Others have worked full time.

FRIDAY, APRIL 12.

Received a draft from the Commercial Bank of Dixon, to pay for our draft on Henry Dalton collected by them less their collection fee of \$1.

Sent a check to the Western Paint Co. to pay their invoice of the 6th inst., less the discount they offered.

Received cash of C. I. Lane in payment of his note indorsed to us \$385, and for interest on same \$3.85.

Settled in full with The Union Iron Co., receiving a discount of 5 per cent on the amount now due them, and giving them a check for the balance.

Received cash from George Carter \$250, to apply on account.

Sent to Myron Young, on sale at list prices, 2 Spring Wagons, 3 Road Carts, 1 Surrey.

Paid bookkeeper's salary to the 15th inst., \$50.

David Horton has settled for his invoice of the 8th inst., deducting his commission and sending us notes indorsed in our favor for \$250 and cash for the balance.

Paid for coal for use in the factory \$50.

Sold P. A. Bentley, Bluffton, 3 Top Buggies, 2 Surreys, 4 Lumber Wagons, at list prices less discounts 20 and 5 per cent, receiving cash.

Henry A. Cushman has sent cash for his invoice of the 8th inst., less his commission on same.

WORKMEN'S REPORT.—No. 2 four hours, No. 7 six hours, No. 11 seven hours, No. 18 five hours, Nos. 29 six hours. No. 17, 22, 23 and 31 absent all day. Others have worked full time.

SATURDAY, APRIL 13.

Received cash from Myron Young to pay his invoice of the 8th inst., less his commission on same.

Sent a check to The Western Paint Co. to pay their invoice of the 11th inst., less the discount they offered.

John Thomas has paid us cash for his note indorsed to us \$275, and for interest on the same \$5.50.

Gave a check for \$1,250 to pay for new machinery for use in the factory.

Fiske & Jones have drawn on us for the amount of their invoice of the 5th inst., and we have given our check to pay for same including exchange 50 cents.

Emerson Gardner has settled for his invoice of the 9th inst., deducting his commission and remitting notes indorsed to us for \$450, and cash for the balance.

Sold to retail buyers for cash at list prices, 2 Lumber Wagons, 3 Road Carts, 1 Surrey.

Paid for coal for the engine room \$40.

George A. Truman has paid cash for his invoice of the 8th inst., after deducting his commission.

Henry Morgan has returned and reported the balance of his expenses for the week \$15.75, and we have paid him in full of account to date after giving him credit for his wages for one week.

WORKMEN'S REPORT.—No. 8 four hours, No. 35 four hours, No. 7 five hours, No. 33 five hours, No. 4 six hours, No. 25 seven hours, No. 27 seven hours, No. 31 seven hours. Others have worked full time.

Paid the workmen's wages for the week per time book.

Roger Sherman has transferred 50 shares of his capital stock to Oliver Jones.

Prove the Journal, and post and prove the ledgers, in the same manner as directed on the 6th inst., recording the proofs of the general ledger and dealers' ledger in the trial balance book. The stock ledger should have an excess on the credit side equal to the amount of the capital stock.

DECLARING A DIVIDEND AND CLOSING THE LEDGER.

Preparatory to declaring a dividend, make a balance sheet, showing resources, liabilities, gains and losses, using the following inventories and estimates of ledger accounts:

Factory and machinery \$55,000, insurance prepaid and unexpired \$490, office books and stationery \$20, due to officers for salaries \$275, due to Electric Light Co. for lighting office and factory \$12.75, fuel on hand \$22.50, materials on hand and finished stock ready for sale \$7,562.40.

All bills receivable are considered collectible.

Accrued interest on bills receivable amounts to \$65.20.

The accounts in the dealers' ledger are all considered good, but commissions must be estimated and deducted on all balances from dealers who hold goods on sale.

The directors of the company, after examining the balance sheet, have declared a dividend of five per cent on the capital stock. [This transaction requires a journal entry, "Loss and Gain Dr., Dividend Cr."]

The dividends have been paid to the stockholders. [As there are no other cash entries today, these payments may be entered in the journal, "Dividends Dr., Cash Cr.," followed by a list of the payments as an explanatory entry.]

After posting the above journal entries, the inventories should be entered in the ledger and all accounts should be closed. Loss and Gain account should be closed, \$4,000 being carried to the credit of Dividends and the balance of the gain to the credit of Reserve Profits. All resources and liabilities, including inventories, should be brought down in their respective accounts, after which a trial balance should be taken to show the ledger in balance after closing.

Set Eleven.

COMMISSION AND FORWARDING.

An agent is called a Commission Merchant when he has the merchandise consigned to him in his possession, and sells it in his own name. If he sells any of the merchandise on account, he assumes the responsibility of collecting the same. The compensation which he receives, which usually includes pay for his services and a small guaranty to insure him against loss on bad accounts, is called Commission.

The property sent for sale is called a Consignment, the firm sending the property a Consignor, the agent to whom sent a Consignee.

The agent's statement of sales and expenses is called an Account Sales. The consignor's interest, or the amount left after deducting commission, expenses and other payments, is called the Net Proceeds.

The commission is usually estimated upon the amount of the sale or purchase, being a per cent of the money value; but in some kinds of merchandise, especially grain and produce, the commission is a certain amount per pound, or bushel, etc., according to the standard used in estimating the article.

THE BOOKS USED.

In making the records of the following transactions the student will require a general sales book, commission sales book, journal, cash book, and ledger. Provision has been made for omitting the bill book, as it would be kept in the same manner as in Set Seven. Bills Receivable and Payable debits and credits will be posted to the ledger from the journal, cash book, and sales book.

A commission merchant generally finds it necessary to buy and sell some articles as his own merchandise, besides the goods consigned to him for sale, and it frequently happens that a single order from a customer will include articles from several different consignments, as well as other articles belonging to the merchant himself. These goods are all billed to the purchaser in one invoice as bought of the commission merchant, without reference to the real ownership.

The items sold are listed in the general sales book as they are on the invoice, indeed, many dealers make out their invoices with copying ink, and take letter press copies, so that their sales book consists of facsimile copies of the invoices they have sent out. On the left margin of this book can be written the ownership of the different items in each sale, after which the sales of commission goods can be carried to the commission sales book as explained below. If a special column is kept for the amounts of merchandise sales, these can be forwarded from page to page, and the total for the month posted in one entry to the credit of Merchandise.

The commission sales book contains a separate account with each consignment sent to the merchant for sale. It is kept in various forms, but the simplest, and the one most commonly used, consists of a double page of journal ruling, the left page being used for debits and the right for credits.

When the consignment is first received, a title is written in the commission sales book, consisting of the number of the consignment (numbers from 1 upward being given to these consignments in the order of their arrival), the name and address of the consignor, together with the date when the consignment was received, and a memorandum of the items in the consignment; but no amounts are extended to the money columns unless the consignment has caused us some item of expense.

All claims that we have against a consignment for money advanced, expenses paid or assumed by us, or charges made by us, are entered on the left page as debits. All proceeds arising from the sale of a consignment are entered on the right page as credits, no distinction being made between cash sales and time sales, as these do not affect the consignor, the commission merchant assuming all risks in case of time sales. The difference between the debits and credits is the consignor's net proceeds, and the same is entered on the debit side of the consignment to balance the account. If the net proceeds are remitted to the consignor, a corresponding credit will appear in the cash book; if they are not remitted, the consignor should have credit on the ledger.

Since there is a debit for every credit in a business transaction, it follows that every entry on the debit side of a consignment must have an equal amount credited either in cash or in some ledger account. Care should be exercised in making entries in the consignment account, to write in the first part of the explanation column the opposite title or titles affected by each entry.

Since a consignment has debits and credits, like a ledger account, it follows, that when a consignment account is not in balance, its total debits and credits, or the difference between them, should appear on our proof sheet.

Consignments for sale on joint account, called Merchandise Companies, are entered in the commission sales book the same as consignments, except that the joint risk requires the commission merchant to estimate the profit or loss of each firm interested before finding the consignor's net proceeds.

Sometimes it becomes necessary for the commission merchant to remit to the consignor, or to give him credit for his share of the invoice of a joint consignment before it is sold. In such case the amount allowed should be entered as a debit to the consignment in the commission sales book.

It would be well to reserve the first set of money columns on the debtor page of the commission sales book for the charges pertaining to each consignment, reserving the other set of columns for remittances, total charges, and net proceeds at closing.

The entries on the debit side of the commission sales book are usually either debits from the cash book, or original entries consisting of charges. A check mark should be placed opposite the cash entries in the folio column, and the other entries should be postmarked with the folios of the ledger accounts to which the corresponding credits are carried.

If the journal is kept as in Set Six, with a special column for merchandise debits, we can reduce the posting of merchandise debits and credits to one entry each in the ledger. In a compound transaction, such as the joint shipment to Dowles & Long, we should enter all items pertaining to the invoice in our general sales book, which will credit merchandise for the entire amount, and to make the merchandise account correct, we must debit it in the journal for both the freight and the drayage.

The cash book may be kept by any of the methods already illustrated. If no other method is preferred, we would suggest the use of special cash and bank columns, the same as in Set Four.

In recording the transactions, the student will enter cash receipts and payments at once in the cash book, all sales in the general sales book, charges on consignments in the commission sales book, and other debits and credits in the journal, being careful to give every title that requires debit or credit from the several books, and checking every entry that does not require posting to the ledger.

All sales of commission goods are afterward carried to the commission sales book, and the same checked in the folio column of the general sales book.

The work of posting from four different books, each of which contains some original entries, calls for very careful attention on the part of the accountant, and we recommend the same to the student as most excellent drill in the concentration of his mind upon his work.

As the credit entries in the commission sales book have their corresponding debits posted to cash book or ledger from the general sales book, the student can make it a rule in this system to post no debits from the creditor page of the commission sales book. There may be an occasional loss entry required as a closing credit in a joint consignment, as in Mdse. Co. A,

which will be posted to the debit of Loss and Gain in the ledger direct from the commission sales book, such entries being made with red ink in the commission sales book, thus insuring their entry in the ledger.

To insure uniformity in ledger results, the student should make it a rule to post the ledger at the close of each date, after all transactions are recorded for the day, posting from the journal, cash book, general sales book, and commission sales book in the order named.

In the forms we illustrate a method of keeping a number of one line accounts under the title Sundry Accounts. This method is used by accountants when they have persons to debit or credit who are not likely to require regular accounts. A single line is given to each of these persons, and if he is to be credited, his name is written in the explanation column of the credit side, with the date and page of the book from which the account is posted. The line on the debit side is left vacant until such time as we wish to debit the same firm. If such a firm is to be debited first, his name will be written in the debit side, and the credit side will be left vacant until his account requires a credit. By looking over this sundry page, we can readily find the unsettled accounts. In the account illustrated, C. C. Smith has an unsettled credit, which the student will balance with a debit found in one of the closing transactions.

Occasionally one of these transient accounts will not be closed by a single transaction, as in the case of R. M. Gaston. We have paid him in two installments, and we must enter two debits on the line. In such case we can enter the date of settlement in the date column, and extend the total of the installments in the amount column, thus showing the account in balance.

TRANSACTIONS.

DECEMBER 10, 189

Began the commission and forwarding business with the following resources and liabilities:

RESOURCES.—Balance of account from James Lee \$64.01, cash on hand \$45.22, cash in bank \$1,852.47, bills receivable \$77.48, rent and other expense items prepaid \$123.25, merchandise on hand \$3,151.20

LIABILITIES.—Balances of account favor H. Perkins \$4.08, favor Mead & Spencer \$467.96, favor H. R. Baker \$377.60, bills payable \$575, due on bookkeeper's salary and advertising (expense items not yet paid) \$26.75.

[We will give the amount and maturity of all notes, as they are collected or paid, in order that the bill book may be omitted in this set.]

Sold our entire stock of merchandise to H. Eastman for \$3,275. Eastman has assigned to us in part payment the following accounts due him: Henry Martin \$300, M. Edwards, \$150, C. Brown \$19, H. Horton \$198, James Wiley \$13.50. He has also given us a note for \$16.50, signed by George Strand and indorsed by H. Eastman; cash \$500; 250 cwt. flour @ \$3; and we have charged the balance to his account. [As Martin, Edwards, Brown, Horton, and Wiley are not regular customers, the student may carry these names to Sundry Accounts in the ledger, instead of giving each of them a separate title.]

Received per B. C. Railway, from Barrett & Smith, Oxford, to sell on their account and risk, 500 bu. wheat. . . . Paid cash for freight on the wheat \$40.

Received per Com. Railway, from H. A. Morey, Collegeville, 40 tubs butter, 2,250 lbs., to sell on his account and risk. . . . Paid cash for freight on the butter, \$5.65. . . . Advanced cash to H. A. Morey, to apply on his consignment, \$200.

Paid cash for postage and stationery for office use, \$12.75.

Received cash in full of C. Brown's account.

Deposited cash in bank \$250.

Bought of H. S. Parton 3,000 lbs. wool @ 25 cents, giving our check for the same.

We were offered \$3.10 per cwt. for the 250 cwt. flour which we bought of Eastman yesterday, but thinking we could find a better market, we have this day shipped the entire amount to Raymond & Co., St. Louis, to sell on our account and risk.]Desiring to know the gain on

this special shipment, the student may open an account with "Shipt. R. & Co.," debiting the same with the flour at \$3.10 per cwt., and also with all other expenses pertaining to the shipment.] . . . Paid freight on the flour by check \$75.

Received per Commercial Railway a consignment of Flour from Crescent Mills, Akron, to be sold on their account and risk, 600 sacks, with instructions to sell at not less than \$1.55 per sack. . . . Paid cash for freight on flour \$18.

Received cash in payment of Geo. Strand's note \$16.50.

Sent Mead & Spencer, a bank draft to apply on account, \$350. . . . Gave check for the draft, and for exchange 75c.

Gave a check to pay our note favor Mead & Spencer, due this day, and left at our bank for collection, \$200.

Bought of R. M. Gaston 6,000 lbs. wool @ 25½ cts., giving our check for \$500, balance on account. . . . [Post Gaston's credit in Sundry Accounts.]

Bought of Howard & Parks, 2,000 lbs. wool @ 25 cts., giving them our check for \$400, and our order on H. Eastman for the balance.

Received from J. Lane, Union City, per Commercial Railway, to be sold on his account and risk, 1,000 doz. Eggs, 50 boxes cheese. . . . Paid freight by check \$17.50.

Bought of C. C. Smith, on account, 50 bbls. cranberries @ \$5.50. . . . Gave our check for freight on the cranberries, \$25. [Post Smith in Sundry Accounts.]

Received from P. R. Sanford, Creston, per Air Line R. R., freight prepaid, to sell on his account and risk, 900 bu. shelled corn, invoiced at 33 cents.

Shipped to Dowles & Long, Chicago, to be sold on their and our joint account, each ½, 11,000 lbs. wool, invoiced at 26c. We also included in the invoice freight \$30, which we have prepaid by check, and drayage, which we have credited to Drayage account, \$2.50. [Debit Shipment Co. 1 with our ½, and Dowles & Long with their ½.]

Drew on Dowles & Long at 3 days' sight draft for the amount of their ½ invoice of wool shipped them this day. (This does not become a transaction until they pay or accept the draft, or we dispose of it to a third party; hence we need no record except a memorandum for reference in the journal.)

Sold Union Mills for cash 300 bu. wheat (B. & S.'s const.) @ 95c., 200 bu. corn (P. R. S.'s const.) @ 42c. . . . Sold A. M. Preston 25 tubs butter (H. A. M.'s const.) 1,400 lbs. @ 18½c., 5 boxes cheese (Lane's const.) 205 lbs. @ 12½c., 2 bbls. cranberries (Mdsc.) @ \$8; receiving cash \$175, and his note at one day for the balance.

Deposited cash in bank. \$500.

12

Sold Lee & Somers, for cash, 200 bu. wheat (B. & S.'s const.) @ 96c. . . . Sold R. E. Wilson, on account, 150 sks. flour (Cres. M.'s const.) @ \$1.60; 100 doz. eggs (Lane's const.) @ 18c. . . . Sold C. E. Rogers, for cash, 5 tubs butter (H. A. M.'s const.) 260 lbs. @ 19c.; 5 bbls. cranberries (Mdsc.) @ \$8; 150 doz. eggs (Lane's const.) @ 18½c.

Dowles & Long have returned our draft on them accepted, the acceptance being for \$1,446.25, and dated 11th inst.

Accepted H. R. Baker's draft on us at 3 days, payable at College Bank, for \$200, to apply on account.

Received cash of H. Eastman to apply on his account, \$800.

Paid cash for 1 month's rent of warehouse for storing merchandise and produce, \$75. [Debit this outlay to Storage, as a part of the outlay for rent will be received back from the consignors in our charges for storing their property, which will be credited to Storage.]

Paid cash for gas bill \$3.75.

Closed Barrett & Smith's consignment, sending them an account sales. Charged them for commission \$5, drayage \$2.50, storage \$1.25. Remitted net proceeds per certified check.

Received per B. C. Railway from Howard Thompson, Jacksonville, to be sold on his account and risk, 200 bbls. apples. . . . Paid cash for freight on the apples \$50.

Received cash of Henry Martin on account \$300, of H. Horton \$198, and James Wiley \$13.50.

Gave a check to pay our note favor of C. Curtis, due this day, \$350.

Bought of A. E. Thomas 7,000 lbs. butter @ $19\frac{1}{2}$ c., giving him our check for \$500, an order on M. Edwards for \$150, and our note at 5 days for the balance.

Bought of John Newton for cash 2,000 lbs. butter @ 19c.

Deposited cash in bank \$1,100....Cash on hand amounts to \$110.22....Balance of cash in bank is \$75.97. The student may prove and balance his cash book.

13

Bought of James Lee, of Vinton, on account, 1,000 lbs. butter @ 20c.

Bought of Geo. Norton, on account, 200 boxes cheese, 10,800 lbs. @ $10\frac{1}{2}$ c....Paid cash for freight on cheese \$36.

Paid College Insurance Co. cash for premium for insuring any merchandise that may be in our possession in our warehouse, to the amount of \$3,000 at $1\frac{1}{2}$ per cent. [Debit Insurance, as part of this outlay will be received back in our charges for insurance.]

Sold R. E. Wilson, on account, 400 doz. eggs (J. L.'s const.) @ 19c., 10 boxes cheese (J. L.'s const.) 412 lbs. @ $12\frac{1}{2}$ c., 10 tubs butter (H. A. M.'s const.) 590 lbs. @ $18\frac{3}{4}$ c....Sold H. Perkins 100 bbls. apples (H. T.'s const.) @ \$2.60, 15 bbls. cranberries (Mdse.) @ \$7.90, 20 boxes cheese (J. L.'s const.) 840 lbs. @ $12\frac{1}{4}$ c.; receiving cash \$100, balance on account....Sold C. A. Carter, for cash, 15 boxes cheese (J. L.'s const.) 620 lbs. @ 12c., 5 bbls. cranberries (Mdse.) @ \$8.

Shipped 10,000 lbs. butter to Raymond & Co., St. Louis, to sell on their and our joint account and risk, each $\frac{1}{2}$, invoiced @ 21c. [Debit Shipt. Co. 2 with our $\frac{1}{2}$, and Raymond & Co. with their $\frac{1}{2}$ of this invoice.]

Received per B. C. Railway from A. Leonard & Co., Goldfield, 1,000 bu. potatoes, invoiced at 25c., which we have arranged to sell on joint account and risk, they $\frac{1}{2}$ and we $\frac{1}{2}$Gave our check for freight on the potatoes \$50.

Raymond & Co. have sent us a bank draft for \$500, as part proceeds of the flour shipped to them for sale on the 11th inst.

Closed H. A. Morey's consignment, sending him an account sales, and charging him for storage \$1.50, drayage \$1, commission \$11.25, and placing net proceeds to his credit.

Drew on Raymond & Co. for \$1,000 to apply on their $\frac{1}{2}$ invoice of the joint shipment of butter made today. Sold the draft for cash \$994, discounting the balance.

Deposited cash in bank \$1,600.

15

Received advice from Dowles & Long, of the sale of wool shipped them 11th inst.; our $\frac{1}{2}$ net proceeds being \$1,720, of which they sent us cash \$1,420, leaving the balance to our credit.

Sold H. R. Baker, Blairstown, on account, 20 boxes cheese (Mdse.) 1,080 lbs. @ 13c., 10 bbls. cranberries (Mdse.) @ \$8.10, 50 bbls. apples (H. T.'s const.) @ \$2.65....Sold James Murray for cash, 30 boxes cheese (Mdse.) 1,620 lbs. @ $12\frac{3}{4}$ c., 200 sacks flour (Cres. M.'s const.) @ \$1.55, 300 bu. corn (P. R. S.'s const.) @ 42c....Sold Charles Carey 400 bu. potatoes (Mdse. Co. A.) @ 33c., 7 bbls. cranberries (Mdse.) @ \$8.05, receiving cash \$50, and his note at 10 days for the balance.

Accepted draft at 3 days drawn on us by the Crescent Mills, in favor of M. A. Parsons, for \$400 to apply on their consignment.

Sent A. Leonard & Co. a draft in payment of our $\frac{1}{2}$ invoice of potatoes, \$125....Gave check for the draft, and for exchange on the draft 25c.

LEFT FOLIO OF THE COMMISSION SALES BOOK.

No. 2

H. A. MOREY.

189- Dec.			PER COMMERCIAL RAILWAY. 40 tubs Butter, 2250 lbs., not invoiced						
	10		Cash—Paid Freight	5	65				
	10	✓	Cash—Advanced on proceeds					200	
	13		Storage	1	50				
			Drayage	1					
			Commission	11	25			19	40
			H. A. Morey—Net proceeds on account					199	63
								419	03

MDSE. CO. A.—A. LEONARD & CO.

No. 7.

Leonard & Co. ½, and ourselves ½.

189- Dec.			PER BUSINESS COLLEGE RAILWAY. 1000 bu. Potatoes, invoiced .25. \$250						
	13		Cash—Paid Freight	50					
	13	✓	Cash—Paid our ½ of invoice					125	
	18		Storage	15					
			Drayage	5					
			Commission	25				95	
		✓	Cash—Check for Net Proceeds					120	50
								340	50

THE GENERAL SALES BOOK.

Dec. 10, 189-

Whose Consign- ment.	Folio.		Consign- ment.	Merchan- dise.	Totals
	✓	Sold H. Eastman all merchandise on hand—See Journal.		3275	3275
		II			
	20	Sent Raymond & Co., St. Louis, to sell on our acct. and risk, 250 cwt. Flour, invoiced @ \$3.10 Acct. Shipt. R. & Co.		775	775
		“			
		Shipped to Dowles & Long, Chicago, to sell on their and our joint account, each ½, 11,000 lbs. Wool, invoiced @ .26 Freight on same Drayage “		2860 30 2	
	20	Shipment Co. 1 \$1446.25		50	2892 50
	21	Dowles & Long 1446.25			
		“			
B. & S.	✓	Sold Union Mills, City, 300 bu. Wheat .95	285		
P. R. S.	✓	200 “ Corn .42	84		
	C.	Received Cash			369
		“			
H. A. M.	✓	Sold A. M. Preston, City, 25 tubs Butter, 1400 lbs. 18½	259		
J. L.	✓	5 boxes Cheese, 205 “ 12½	25	63	
		2 bbls. Cranberries 8.00			
	C.	Received Cash \$175.00		16	300 63
	19	Note 1 day for bal. 125.63			
			653 63	6958 50	7612 13

RIGHT FOLIO OF THE COMMISSION SALES BOOK.

COLLEGEVILLE, (Your State.)

189- Dec.	11	25 tubs Butter, 1400 lbs.,	.18½	259	
	12	5 " " 260 "	.19	49	40
	13	10 " " 590 "	.18¾	110	03
				<u>419</u>	<u>03</u>

GOLDFIELD, (Your State.)

189- Dec.	15	400 bu. Potatoes,	.33	132	
	17	350 " "	.34	119	
	18	250 " "	.34	85	
Loss and Gain—Our ½ Net Loss				4	50
				<u>340</u>	<u>50</u>

TWO ACCOUNTS FROM THE GENERAL LEDGER.

SUNDRY ACCOUNTS.

189- Dec.	10	Henry Martin, J.	1	300		189- Dec.	12	Cash	6	300	
	10	M. E. Edwards, J.	1	150			12	Journal	4	150	
	10	C. Brown, J.	1	19			10	Cash	6	19	
	10	H. Horton, J.	1	198			12	Cash	6	198	
	10	James Wiley, J.	1	13	50		12	Cash	8	13	50
Dec.	17	C1½ \$530, C1¾ \$500	7	1030			11	R. M. Gaston, J.	1	1030	
							11	C. C. Smith, J.	4	275	

STORAGE.

189- Dec.	12	Rent of Warehouse, C	5	75		189- Dec.	10	Const. No. 1	2	1	25
	18	Loss and Gain	30	25	25		13	" " 2	2	1	50
							16	" " 3	2	6	25
							16	" " 4	4	2	75
							17	" " 5	4	4	50
							17	" " 6	4	12	75
							18	" " 7	6	15	
								" " 8	6	1	25
								Journal	8	55	
										<u>100</u>	<u>25</u>

Cashed Morey's sight draft on us to apply on his account, \$50.

Paid for advertising to date \$17.50. [Debit Expense.]

Paid drayage bill to date \$12.75. [Debit Drayage.]

Received Raymond & Co.'s account sales of the flour shipped to them on the 11th inst. Our entire net proceeds were \$990, of which they remitted \$500 on the 13th inst., leaving the balance to our credit.

Gave R. M. Gaston our check to apply on his account, \$530.

Deposited cash in bank \$2,100.

Cash on hand this evening amounts to \$69.92, and in bank, \$3,070.72.

[Make a proof sheet before advancing further, using the cash balance, bank balance, and the unbalanced consignments and ledger accounts.]

16

Sold R. A. Martin on his note at 3 days, 150 sacks flour (Cres. M.'s const.) @ \$1.60, 400 bu. corn (P. R. S.'s const.) @ 42½c. . . . Sold H. Perkins, on account, 100 sacks flour (Cres. M.'s const.) @ \$1.55; 25 boxes cheese (Mdse.) 1,350 lbs. @ 13c. . . . Sold Meade & Spencer, on account, 50 bbls. apples (H. T.'s const.) @ \$2.70; 7 bbls. cranberries (Mdse.) @ \$8.20.

Received cash for the proceeds of Dowles & Long's acceptance, \$1,444, the bank charging \$2.25 for collecting the same.

Paid Howard Thompson's draft on us for \$150 by check, to apply on the proceeds of his consignment.

Received cash in payment of A. M. Preston's note, given 11th inst., \$125.63.

Closed Crescent Mills' consignment, and rendered an account sales, charging them for storage \$6.25, drayage \$3.25, insurance one-tenth per cent of entire amount of sales, commission 2 cents per sack; sending their net proceeds by check.

Paid cash for bookkeeper's salary to date \$25.

Paid cash for stationery \$5.75.

Received per Commercial Railway from Fowler & Co., Muscatine, 200 baskets grapes, to be sold on their and our joint account, theirs ⅔ and ours ⅓, invoiced 2,500 lbs. @ 6c. . . . Gave check for their sight draft on us for our ⅓ invoice, \$50. . . . Paid cash for express charges on the grapes, \$12.50. [Enter as Mdse. Co. B.]

Closed J. Lane's consignment and rendered an account sales; 350 doz. eggs were unsalable. Charged him for storage \$2.75, drayage \$1.25, insurance 63c., commission \$18.80; sending him our check for net proceeds.

Drew on Raymond & Co. at sight for the balance due us on the proceeds of flour, and sold the draft for cash \$480.

Received cash of H. Eastman to apply on account \$100.

Deposited cash in bank \$2,000.

17

Sold H. R. Baker, on account, 50 boxes cheese (Mdse.) 2,700 lbs. @ 12½c.; 20 baskets grapes (Mdse. Co. B.) 250 lbs. @ 10c. . . . Sold James Turner, for cash, 350 bu. potatoes (Mdse. Co. A.) @ 34c.; 50 baskets grapes (Mdse. Co. B.) 625 lbs. @ 9c. . . . Sold James Lee, of Vinton) 25 boxes cheese (Mdse.) 1,350 lbs. @ 13c.; 5 bbls. cranberries (Mdse.) @ \$7.90; 80 baskets grapes (Mdse. Co. B.) 1,000 lbs. @ 8½c.; receiving cash \$150, balance on account.

Closed H. Thompson's consignment, sending him an account sales. Charged for storage \$12.75, drayage \$3.75, insurance ¼ per cent of entire sales, commission 7½c. per bbl. . . . Sent him our check for his proceeds.

Received advice from Raymond & Co., of the sale of our shipment of butter, our share of the net proceeds being placed to our credit, \$1,125.

Received cash of Dowles & Long on account \$200.

Gave R. M. Gaston our check for balance of his account, \$500.

Deposited cash in bank, \$650.

Closed P. R. Sanford's consignment, sending him an account sales. Charged for storage \$4.50, insurance 95c., commission 3c. per bu., and sent him our check for his net proceeds.

18

Sold A. C. Sprague & Co., for cash, 1 bbl. cranberries (Mdse.) @ \$8.10; 250 bu. potatoes (Mdse. Co. A) @ 34c. . . . Sold J. A. Long, for cash, 50 baskets grapes (Mdse. Co. B) 625 lbs. @ 4c.; 50 boxes cheese (Mdse.) 2,700 lbs. @ 12½c.

H. Eastman has agreed to allow us \$50 for the unexpired rent on the store room, which he has occupied since he bought our stock of merchandise, and also \$37.50 for unexpired insurance on the merchandise, the policy having been transferred to him at the time of the sale. [Debit Eastman.]

Closed Mdse. Co. A, sending an account sales. Charged for storage \$15, drayage \$5, commission 2½c. per bu., sending our check for the consignor's net proceeds after recording our share of the loss or gain.

Settled in full with Geo. Norton, receiving a discount of \$35.56, and giving him a sight draft on H. Perkins for the amount due us from Perkins, and our check for the balance.

The drafts we drew on Raymond & Co., 13th and 16th inst., have each been returned protested for non-payment, and we have given our check to pay the amount of the face of these drafts and protest charges, \$2.25 on each. Telegraphing to learn the cause of these protests we received a return message stating that Raymond & Co. had closed insolvent, and that preferred creditors had claims for the amount of all available resources. The two drafts are now worthless and should be debited accordingly. . . . Paid cash for the message and reply \$1.50.

Closed Mdse. Co. B, sending an account sales. Charged for labor of clerks sorting grapes \$3.75, commission 2½ per cent of the sales, storage \$1.25, and sent them our check for their net proceeds after entering our share of the loss or gain.

Received cash from James Lee to balance his account.

Drew out cash for personal expenses \$37.31.

Deposited in bank all cash on hand.

Gave C. C. Smith our sight draft on Dowles & Long for \$100, and our check for \$1.75, to close his account.

H. A. Morey has drawn on us for \$149.63, and we have given our check to pay the draft, and exchange on same 25 cents.

We have paid our notes payable outstanding, giving a check for each, as follows: H. Perkins \$25, H. R. Baker \$200, A. E. Thomas \$715, M. A. Parsons \$400.

Bought of R. V. Warden 15 acres of land near the city limits for \$2,700, paying for the same by transferring to him our business, estimating the reputation and good will at \$250, unexpired rent \$55, unexpired insurance \$27.50, books and stationery \$13.25, office furniture \$25.75, balance of notes receivable due us \$625.83, all personal accounts due us at their face value, and our check for the remainder of the consideration.

The proprietor withdraws the balance of cash and the real estate from the business, estimating the latter at the same as he paid for it.

The student may close the ledger, estimating Raymond & Co.'s account as worthless.

Set Twelve.

KEEPING ABSTRACTS OF TITLE.

Keeping records of real estate transfers is a subject that properly claims more space than we can give in this short chapter, and we have been induced to illustrate it very briefly, not for the benefit of those who are familiar with the subject, but rather as a matter of general information to the young accountant, who, we trust, will be stimulated to further research and examination of the system of abstracting used in his own county.

When any piece of real estate is transferred by deed or mortgage, or when any lien is filed upon such property, the instrument of transfer or lien is copied in the recorder's book at the county seat, and a memorandum is sent by the recorder to each office in the same county where abstracts of title are kept, naming the date of the paper recorded, the names of the parties interested, and the description of the property. If a mortgage or lien is afterward satisfied and canceled, such fact is also recorded, and the same reported to the abstract offices; so that anyone desiring can get a complete history of the ownership and title of any real estate, either land or town lot, by consulting the abstract books of the county in which the property is located.

Since 1802 the United States surveyors have surveyed land into tracts six miles square, called Government Townships. Each township is subdivided into tracts one mile square, called Sections. Each section is subdivided into tracts one-half mile square, called Quarter Sections. For convenience in abstracting, these quarter sections are subdivided into quarter-quarters of forty acres each. These and the quarter sections are described by the points of the compass, as the N. E. quarter of the N. E. quarter of a certain section. The thirty-six sections in each township are designated by the numbers from 1 to 36.

A base line, or starting point, has been chosen for each general survey of land, and townships in a tier north or south of this line are numbered 1, 2, 3, 4, etc. Each tier of townships is called a Range and these ranges are numbered 1, 2, 3, 4, etc., East or West of Meridians of Longitude established by the surveyors and designated as Principal Meridians. Thus, the 40 acres of land given in our abstract of title register, is the northeast quarter of the northeast quarter of Section 1, Township 83 North, in Range 7 west of a Principal Meridian; and these principal meridians are numbered 1, 2, 3, 4, 5, and 6, for the states between the western boundary of Ohio and the western boundary of Dakota and Nebraska. There are in all twenty-three principal meridians in the United States, the others being named from some geographical point with which they are connected.

Towns are usually surveyed into blocks with streets intervening, and the blocks are subdivided into lots usually 60 feet wide, ten in a block. Each block is numbered, and each lot in the block is also numbered. As single store rooms usually have a frontage of 20 feet, they are designated by successive numbers on each street without regard to any particular lot or block.

If a town grow beyond the original survey of lots, additions are surveyed into blocks and lots in the same manner, and these are designated by the names of the additions to which they belong. Page 171 represents 40 blocks of an ideal town, College City, illustrating the block numbers, lot numbers, and street numbers.

The daily register of transfers on pages 180 and 181, represents the record of transfers like a day book in the order of their occurrence without being classified. The abstract register above illustrates one method of grouping all the records pertaining to a particular piece of property, large books being used and prepared so as to contain a special place for every forty-acre tract of land and every town lot in the county. From this abstract register a complete history of all transfers pertaining to a given piece of property (called an Abstract of Title) can be copied in a very short time.

The index to transfers, given at the bottom of these pages, illustrates a more condensed method of grouping the transfers pertaining to a given piece of property. This consists of two horizontal lines assigned to each piece of property, these lines being subdivided into small spaces. In the upper line is entered merely the page of the daily register in which a transfer is recorded pertaining to the given property, and on the line below is entered the number of the line in which this record may be found in the register. In writing an abstract of title from the index book, we would be compelled to trace up each transfer from index to daily register, and make our abstract from these entries. The index system requires less time and space in classifying or grouping the transfers than the abstract register; but the latter requires much less time for drawing off an abstract of title.

[illegible]

First

Street

[illegible]

Second

Street

[illegible]

Third

Street

[illegible]

Fourth

Street

[illegible]

Fifth

Street

[illegible]

Sixth

Street

[illegible]

Seventh

Street

Handwritten multiplication tables for numbers 1 through 5, each with a vertical list of multipliers on the left and a horizontal list of products on the right.

1	10	20	30	40	50
2	8	16	24	32	40
3	6	12	18	24	30
4	4	8	12	16	20
5	2	4	6	8	10

1	10	20	30	40	50
2	8	16	24	32	40
3	6	12	18	24	30
4	4	8	12	16	20
5	2	4	6	8	10

1	10	20	30	40	50
2	8	16	24	32	40
3	6	12	18	24	30
4	4	8	12	16	20
5	2	4	6	8	10

1	10	20	30	40	50
2	8	16	24	32	40
3	6	12	18	24	30
4	4	8	12	16	20
5	2	4	6	8	10

1	10	20	30	40	50
2	8	16	24	32	40
3	6	12	18	24	30
4	4	8	12	16	20
5	2	4	6	8	10

Folio 52

ABSTRACT OF

Lot 5 Block 26 Central Park Addition	Grantor	Henry V. White	C. A. Curtiss	
	Grantee	C. A. Curtiss	Henry V. White	
	Date of Record	189- June 2	189- June 2	
	Date of Instrument	189- May 30	189- May 30	
	Kind of Instrument	Warranty Deed	Mortgage	
	Consideration	\$1000	\$600	
N. E. $\frac{1}{4}$ N. E. $\frac{1}{4}$ Section 1 83-7 West	Grantor	United States	Harvey Pratt	
	Grantee	Harvey Pratt	George Starks	
	Date of Record	1865 Feb. 2	189- June 17	
	Date of Instrument	1865 Jan. 30	189- June 16	
	Kind of Instrument	Patent	Mortgage	
	Consideration		\$1000	

Folio 10

DAILY REGISTER OF REAL

Date Filed.			Line	Grantor.	Grantee.	Kind of Instrument	Consid- eration.	Date of Instrument.		
189-	June							189-	May	30
189-	June	2	1	Henry V. White	C. A. Curtiss	Warranty Deed	1000	189-	May	30
189-	June	2	2	C. A. Curtiss	Henry V. White	Mortgage	600	189-	May	30
189-	June	4	3	Union R. Est. Co.	S. I. Lindsay	Warranty Deed	800	189-	June	2
189-	June	7	4	S. I. Lindsay	W. H. Whigam	Warranty Deed	500	189-	June	4
189-	June	14	5	Union R. Est. Co.	B. B. Euston	Warranty Deed	2000	189-	June	6
189-	June	30	6	B. B. Euston	G. W. Hootman	Warranty Deed	750	189-	June	24
			7							
			8							
			9							
			10							

Folio 52.
Block 26.

TOWN LOT INDEX TO REGISTER OF TRANSFERS.

Lot 1.	N. $\frac{1}{3}$	10 3	10 4		
	C. $\frac{1}{3}$	10 3			
	S. $\frac{1}{3}$				
Lot 2.	N. $\frac{1}{3}$	10 5	10 6		
	C. $\frac{1}{3}$	10 5			
	S. $\frac{1}{3}$	10 5			
Lot 3					
Lot 4					
Lot 5		10 1	10 2		

[illegible]

Where Recorded.		Town.	Description.	Folio.
Book 129	Page 37	College City	Lot 5, Block 26, Central Park Addition	52
" 129	" 38	College City	Lot 5, Block 26, Central Park Addition	52
" 129	" 39	College City	N $\frac{1}{3}$ & C $\frac{1}{3}$ of Lot 1, Block 26, C. P. Addition	52
" 129	" 41	College City	N $\frac{1}{3}$ of Lot 1, Block 26, C. P. Addition	52
" 129	" 50	College City	All of Lot 2, Block 26, C. P. Addition	52
" 129	" 55	College City	N $\frac{1}{3}$ of Lot 2, Block 26, C. P. Addition.	52

N. E. ¼ Sec. 1.		I	120		
S. E. ¼ Sec. 1.		I	I		
N. E. ¼					
S. E. ¼					
S. W. ¼					
N. W. ¼					
N. E. ¼					
S. E. ¼					
S. W. ¼					
N. W. ¼					

Set Thirteen.

REAL ESTATE BUSINESS.

We have planned the following set to illustrate the cash journal, which is a cash book in which all debits and credits are recorded, even if they do not represent cash transactions. This method is especially fitted to the real estate business, and is equally well adapted to any kind of business in which the transactions are largely for cash.

We can credit any title by entering it on the debtor page of cash, and if cash was not received for it, we can debit the proper title by entering it on the creditor page of cash. Thus, in the first entry we credit Capital Stock by entering it on the debtor page, and we debit Stockholders by entering that title on the creditor page. The debit and credit being equal, the cash balance remains unchanged. In the purchase of real estate, March 8, we debit that title by entering the entire amount of the purchase on the creditor page of cash, and we credit Bills Payable by entering the amount of the notes on the debtor page of cash. The difference between the debit and credit of cash will be the cash actually paid out.

By the use of special columns in the cash book for the amounts of such titles as are frequently repeated, and by posting the totals of these special columns at the end of each month, the accountant can save more than half of the posting.

If the cash balance is required at any time, each special column can be added as far as the date required, and the amount extended to the general column opposite the last entry added. A line should be ruled across the special column under the last number added, so that entries after this date can be added in the next amount that is extended. After the footings of the special columns are extended to the general column, the cash balance can be tested by finding the difference between the small footing figures, as illustrated in the cash book at the close of March 12.

The footings of each special column should be carried forward from page to page until the close of the month, when they will be entered in their respective columns ready for posting, as illustrated in the cash journal in the text, which gives the correct footings of each special column for the month of March, although a large proportion of the entries are left for the student to fill in.

If a firm have the agency for the sale and rental of various properties, they will need a memorandum book, as illustrated in the text, in which they may record at length all general instructions and limitations pertaining to each property. Marginal entries can also be made showing the general terms of each lease relating to these properties.

A memorandum book will be found convenient in nearly every line of business for recording contracts and agreements, and other facts of interest that may not go on record as transactions.

If a considerable number of properties are to be rented, it would be well to keep an auxiliary ledger for the tenants or lessees, merely to show the amounts due, amounts paid, expirations, etc. This ledger would show no financial results, as the main ledger would contain all accounts pertaining to our business. Below the memorandum book we give one account illustrating the tenants' ledger.

In keeping an account on our general ledger with a property owner for whom we are acting as agent, it would be well to itemize the debits and credits in such a way that we could draw a statement of our transactions direct from the ledger. The account with Charles Thomas illustrates such a method of itemizing.

The transactions in this set represent the business of the corporation described in Set Nine, and will require a few accounts peculiar to corporations.

The title, Capital Stock, represents the subscribed capital of the corporation, and when the amount subscribed is not actually invested, an account with Stockholders should be used to keep the books in balance. Stockholders, as a title, is debited for the amount of unpaid

stock that is subscribed, and this account represents a resource if it shows a debit balance, as the law holds each stockholder liable for the amount of stock he may have subscribed and not yet invested. After all stock is paid in, the account with Stockholders will be in balance and can be closed.

When the net gain is found and a part of it is to be paid to the stockholders as dividends, and the remainder kept in the business to be used in case it is required, Loss and Gain will be debited for the whole net gain, and Dividend and Reserve Profits will be credited. As the dividends are paid out to the stockholders, the title Dividend will be debited, and any credit excess in Dividend account will be a liability, showing a balance still due some stockholder. Reserve Profits will also be a liability of the corporation to the stockholders.

The student will record notes receivable and payable in the bill book in this set, but will have no accounts with these two titles in the ledger. These titles, as well as all others that do not require posting by items, should be checked in the folio column when they are entered in the cash book.

The company wish to know how much they expend monthly for advertising, and how much they receive for notary fees, and for abstracting; hence, each of these are given special titles in this set.

In beginning the cash book for April, the balance on hand from March 31 should be carried into the general column of the debtor side, and each of the special columns should begin anew.

TRANSACTIONS.

MARCH.

5—The Union Real Estate Company began business to-day with a subscribed capital of \$10,000.... Two of the stockholders paid in cash for the first installment on their stock, \$2,200.

6—Other stockholders paid in cash for the first installment on their stock, \$1,800.... Paid J. L. Smith for rent of office 1 month, \$37.50.

7—Paid for office furniture and stationery \$125.... Accepted the agency for the care and renting of three dwelling houses belonging to Charles Thomas, Cleveland, Ohio, for which we are to receive a commission of 5 per cent on all rents collected: Dwelling No. 92 Sixteenth Avenue, at \$20 per month; No. 232 Nineteenth Street, at \$18 per month; No. 63 First Avenue, at \$25 per month.... Paid cash for printing circulars for advertising our business \$8; for postage for mailing circulars \$2.25. [Debit Advertising.]

8—Bought of A. Learner 20 acres of land one-half mile from the city, allowing him \$4,250 for it, as follows: Cash \$2,250, and four notes of \$500 each, payable in 10, 20, 30 and 40 days, with interest at 6 per cent.... Paid cash for notarial seal and commission \$12.50. [Debit Notary Fees.]

9—Accepted the agency to rent or sell store room No. 29 Third Street, belonging to James Gordon, the rates for renting being left to our discretion, and the rates for selling being left to correspondence. We are to receive a commission of 5 per cent on all rents collected, and in case of a sale, a commission of 3 per cent on the first \$2,000, and 1½ per cent on all amounts above \$2,000 received for the property, either in cash or approved notes.... Paid for Coal for heating office \$5.50.... Paid for advertising in Evening Gazette to date \$7.50.

10—Paid for surveying our real estate into acre lots \$9.... Rented dwelling No. 63 First Avenue to George Cridler for six months, beginning to-day, at \$25 per month, receiving rent in advance for first month.

12—Received of stockholders cash for the second installment on their stock, \$1,800.... Paid for grading and planting trees on our real estate \$232.50.... Sold Harvey Pratt 2 lots of one acre each for a total consideration of \$1,000, receiving cash \$250, and his 3 notes of \$250 each, due in 15, 30 and 45 days, with interest at 8 per cent.... Paid for insuring the three dwellings of Mr. Thomas for one year: No. 92 Sixteenth Ave., \$1,000 @ ¾ per cent; No. 232 Nineteenth St., \$900 @ 1¼ per cent; No. 63 First Avenue, \$1,200 @ ⅞ per cent.... Balance of cash on hand \$3,356.

MARCH 1, 189--

CASH.

DR.

Date.	Folio.	CREDITOR TITLES	EXPLANATIONS.	Notary Fees	Abstract'g	Real Estate	General
5		Capital Stock	Amount subscribed				10000
6		Stockholders	On First Installment				2200
1		Stockholders	" " "				1800
10		Bills Payable	Notes to A. Learner				2000
12		C. Thomas	Rent 63 First ave.				25
12		Stockholders	On Second Installment				1800
✓		Real Estate	Sold Harvey Pratt 2 acre Lots			1000	1000
			Cash \$250, Notes \$750				18825
26		James Gordon	Part recd. on sale 29 3d st.				200
			Balance being forwarded				
✓		Commission	Acct. James Gordon			600	47 50
✓		Real Estate	Sold Aaron Peters 1 acre Lot				
27		Real Estate	Cash \$200, Note \$400			75	
✓			Rent of Block 40, 6 months to A. R. Foster				
✓		Abstracting	for Wood Yard		27 50		
✓		Notary Fees		3 15			
✓		Real Estate	Sold R. I. Smith 3 Lots			375	
			Cash \$125, Note \$250.				
28		Real Estate	Rental of 5 lots 3 months to T. J. Mason			18 75	1068 75
✓		Notary Fees		5 25			
✓		Abstracting			9 60		3 15
29		Commission	Acct. C. Thomas				6 75
✓		Commission	Acct. J. Gordon	2 50			10 90
✓		Notary Fees			25 75		62 85
✓		Abstracting					
				20 25	94 10	2668 75	45189 27

MEMORANDUM BOOK.

College City, March 7, 189--

Rented Mar 19, 189-, to Chas. Carey, 3 months at \$20 per mo., advance.

Rented Mar. 14, 189-, to Harvey Jones, 1 yr. at \$18 per mo., advance, beg. Mar. 15.

Rented Mar. 10, 189-, to Geo. Cridler, 6 mos. at \$25 per mo., advance.

Rented Mar. 13, 189-, for 3 mos. to Ashley & Par-ton, rent paid in advance. Three mos. \$135.

Mar. 26, 189-, sold to Ingham & Johnson for cash and notes \$4000.

Mar. 26, 189-, returned prepaid rent \$120 to Ingham & Johnson.

Accepted the agency for the care and renting of three dwelling houses belonging to Charles Thomas, Cleveland, Ohio, for which we are to receive a commission of 5 per cent on all rents collected.

Dwelling No. 92 16th ave., at \$20 per mo.

" " 232 19th st., at \$18 "

" " 63 1st ave., at \$25 "

9

Accepted the agency for the sale or rent of store room No. 29 Third st., belonging to James Gordon, Clinton, Iowa, the rates for renting being left to our discretion, and the rates for selling being left to correspondence. Our commission is 5 per cent of all rents collected; and in case of a sale, 3 per cent on the first \$2000, and 1½ per cent on all amounts above \$2000 received for the property, either in cash or approved notes.

LEDGER ACCOUNT WITH A TENANT.

{ \$25 monthly in advance.
{ Lease expires Sept. 10, 189--

GEORGE CRIDLER.

{ No. 63 First ave.
{ Property of Charles Thomas

189--					189-				
Mar.	10	Rent 1 mo. to Apr. 10	25	Mar.	10	Cash	25		
Apr.	10	" 1 " " May 10	25	Apr.	10	"	25		

MARCH 189--

CASH.

CR.

Date.	Folio.	DEBTOR TITLES.	EXPLANATIONS.	Expense	Avertising	Real Estate	General
5	✓	Stockholders	Stock Subscribed				10000
7	✓	Expense	Office Rent 1 month	37 50			
7	✓	Expense	Furniture and Stationery	125			
7	✓	Advertising	Printing Circulars		8		
7	✓	Advertising	Postage on above		2 25		
8	✓	Real Estate	Bot. of A. Learner 20 acres Land			4250	
			Cash \$2250, Notes \$2000				
9	✓	Notary Fees	Commission and Seal				12 50
9	✓	Expense	Coal for office	5 50			168
	✓	Advertising	Evening Gazette to date		7 50		17 75
10	✓	Real Estate	Surveying into acre lots			9	
12	✓	Real Estate	Grading and Planting			232 50	4491 50
	✓	Bills Rec.	Notes H. Pratt				750
		C. Thomas	Ins. 92 Sixteenth ave.,	\$ 7.50			29 25
			" 232 Nineteenth st.,	11.25			15409
			" 63 First ave.,	10.50			
28	✓	Expense	Postage and Stationery				
29	✓	C. Thomas	Commission on Rents	2 25			3 15
	✓	C. Thomas	Proceeds of Rent				16 10
	✓	J. Gordon	Commission on Rent				6 75
30	✓	J. Gordon	In full of acct.				73 50
	✓	Real Estate	Recording and Platting			26 75	26 75
	✓	Advertising	Union Park Ad.		56 75		56 75
	✓	Expense	Janitor work				9 75
31	✓	Bills Pay.	Bal. Note No. 2	7 50			100
	✓	Interest	On above note				1 83
			Balance on hand				1988 52
				211 25	144 25	27531 75	45189 27

STOCKHOLDERS.

189-	5	Capital Stock	3	10000	189-	5	First Installment	2	2200
Mar.					Mar.	6	" "	2	1800
						12	Second Installment	2	1800
						13	" "	2	2700
						15	" "	2	1500
				10000					10000

CHARLES THOMAS, CLEVELAND, OHIO.

189-	12	Ins. 92 16th ave.	3	7 50	189-	10	Rent, 63 First ave.	2	25
Mar.		" 232 19th st.	3	11 25	Mar.	14	" 232 19th st.	2	18
		" 63 1st ave.	3	10 50		19	" 92 16th ave	2	20
	17	Walk, 232 19th st.	3	6 75					
	19	Rep. Roof, 92 16th ave.	3	7 75					
	29	Com. on Rents, 5 per cent	5	3 15					
		Cash in full		16 10					
				63					63
Apr.	16	Painting, 63 1st ave.	7	32 50	Apr.	10	Rent, 63 First ave.	6	2
	23	Com. on Rents, 5 per cent	7	3 15		14	" 232 19th st.	6	18
		Cash in full	7	27 35		19	" 92 16th ave.	6	20
				63					63

13—Received from stockholders for the second installment on their stock, \$2,700.... Received cash for notary fees \$3.75.... Rented room No. 29 Third Street, to Ashley & Parton for 3 months, at \$45 per month, collecting the rent for three months in advance.... Paid for insuring store room of James Gordon for \$3,000, 1 year at 1½ per cent premium.... Paid Daily News for advertising property for sale, \$17.50.

14—Received from the remainder of the stockholders for the second installment on their stock, \$1,500.... Paid cash for blanks for office use, \$3.50.... Paid for repairs on store room of James Gordon, rented 13th inst., \$25.75.... Rented dwelling No. 232 Nineteenth Street, to Harvey Jones for one year, at \$18 per month, payable monthly in advance, the rent beginning Mar. 15. Received cash for first month.

15—Bought of C. A. Wilson a set of abstract books of this county, complete to date, for \$2,500, paying cash \$1,250, and giving our two notes for \$625 each, due in 30 and 60 days respectively, each bearing interest at 6 per cent. [Debit Abstracting.]

17—Paid for grading and street work on our lots \$98.50.... Paid for repairs on sidewalk in front of No. 232 Nineteenth Street, \$6.75.... Received for notarial services \$5.25, for abstracts of title \$7.50.... Paid taxes for James Gordon, on store room No. 29 Third Street, \$27.75.

19—Paid for printing and distributing circulars for advertising \$22.50.... Rented dwelling No. 92 Sixteenth Ave., to Charles Carey for 3 months, beginning to-day, at \$20 per mo., collecting for one month.... Paid for stationery for office use \$2.50.... Received for notary fees \$3.75, for abstracting \$6.25.... Paid for repairs on roof of dwelling No. 92 Sixteenth Ave., \$7.75.... Paid for clerk hire \$27.50.

21—Sold M. E. Price 1 acre of ground for \$600, receiving cash \$200, and his notes, one at 30 days for \$200, one at 60 days for \$200, the notes bearing interest at 8 per cent.... Received for abstracting \$17.50, notary fees \$2.50.... Paid our note payable No. 1 with interest on same.

24—Bought of C. E. Jones 45 acres of land next to the city limits, for a consideration of \$22,500, indorsing to him in part payment all notes receivable on hand at their face value, including interest to date on each, giving him our notes, seven in number, each for \$2,500, the first due on demand, and the others due in one, two, three, four, five, and six months respectively, each bearing interest at 5 per cent, and paying him cash for the balance.

26—By direction of James Gordon we have this day sold his store room, No. 29 Third Street, to Ingham & Johnson, receiving cash \$1,500, and their note, secured by mortgage on the store room, for \$2,500 due in one year, and have sent Gordon the note and also \$1,300 of the cash, crediting him with the cash we have kept back, \$200, and debiting him with commission on the sale, as per contract.... Sold an acre lot to Aaron Peters for \$600, receiving cash \$200, and his note due in six months, with interest at 7 per cent, for the balance.... Paid Ingham & Johnson \$120, the amount of rent prepaid on store room bought by them and leased to Ashley & Parton.

27—Paid for surveying and laying out in town lots the land we bought of C. E. Jones, and for platting the same for record, \$415.... Leased a block of lots to A. R. Foster for a wood yard, receiving cash for six months' rent in advance \$75.... Received cash for abstracting \$27.50, and for notary fees \$3.25. Sold 3 lots to R. I. Smith for \$375, receiving cash \$125, a note at 60 days for \$125, and a note at 120 days for \$125, both notes bearing interest at 8 per cent.

28—Leased five vacant lots to T. J. Mason for two years, at \$75 per year, payable quarterly in advance, receiving cash for first quarter \$18.75.... Received cash for notarial services \$5.25, for abstracting \$9.60.... Paid for postage and stationery for office use \$2.25.... Paid for advertising \$29.75.

29—Sent statement to Charles Thomas, remitting proceeds of his rents collected after deducting expenses and commissions on collections.... Sent statement to James Gordon and remitted cash for balance due him, after deducting commission on rent collected.... Received cash for notary fees \$2.50, and for abstracting \$25.75.

30—Paid cash for recording fifteen blocks of lots recently platted \$26.75.... Paid for posters and circulars advertising lots in new addition \$56.75.... Paid for janitor work in office \$7.50.

31—Gave A. Learner our note at 30 days for \$400, bearing interest at 6 per cent., and cash for balance of principal and interest of note payable No. 2, due today.

Our cash on hand this evening amounts to \$1,988.52. [The student may add the special columns and post their totals to the ledger, and take a proof sheet of the accounts from the ledger, Bills Receivable and Payable from the note book, and Cash balance from the cash book.]

APRIL.

2—Paid Martin Johnson for street work in Union Park Addition, cash \$500, and 4 notes, one at 30 days for \$750, one at 45 days for \$500, one at 60 days for \$1,000, one at 90 days for \$1,250, each note bearing interest at 5 per cent. . . . Received cash for abstracting \$17.50, for notary fees \$3.75. . . . Paid cash for posters advertising Union Park Addition \$250. . . . Paid balance of bookkeeper's salary to April 1, \$57.25.

6—Received cash for abstracting \$27.25, notary fees \$3.25 . . . Sold 4 acre lots today as follows: 1 lot to George Day for \$450, receiving cash \$150, and 3 notes, one at 30 days for \$75, one at 60 days for \$100, one at 90 days for \$125, each note bearing interest at 8 per cent; 1 lot to Henry Cushman for \$425, receiving cash \$225, and two notes for \$100 each, due in two and four months respectively, each bearing interest at 7 per cent; 1 lot to John Cummings for \$400 cash; 1 lot to Bartley Brown for \$500, receiving cash \$200, and two notes in equal amounts for the balance, due in one and two months respectively, each note bearing interest at 6 per cent.

10—Collected cash of George Cridler for one month's rent of No. 63 First Ave., as per contract. . . . Paid City Directory Co. cash for advertising \$17.50. . . . Paid cash for office stationery \$17.25. . . . Paid cash for blank book for abstracting \$12.75. . . . Paid cash for principal and interest of note payable No. 3, due today. . . . Received cash for abstracting \$22.75.

14—Received cash of Harvey Jones for one month's rent of No. 232 Ninetenth Street, as per contract. . . . Received cash for abstracting \$12.75. . . . Paid cash for postage and stationery for office \$3.75. . . . Sold 2 lots in Union Park Addition to Leslie Gordon for cash, \$250.

16—Sold out our entire abstracting business to Bradley & Sumner for \$2,725, receiving cash \$1,225, their note at 1 month for \$400, note at 2 months for \$500, note at 3 months for \$600, each of the notes bearing interest at 7 per cent. . . . Received for notary fees \$2.25. . . . Paid Daily Republican for advertising \$29.75. . . . Paid cash for painting No. 63 First Ave., belonging to Charles Thomas, \$32.50.

19—Collected cash of Charles Carey for 1 month's rent of No. 92 Sixteenth Ave., as per contract. . . . Sold 10 blocks of lots in Union Park Addition to a syndicate of real estate dealers, represented by John G. Horton, for a consideration of \$25,000, and they have given new notes to C. E. Jones, and have taken up and canceled the seven notes we gave him Mar. 24, and the interest accrued, and have given us cash for the balance. . . . Paid cash for office help \$17.25.

20—Paid our note payable No. 4, due today, with interest. . . . Paid our note payable No. 5, favor C. A. Wilson, due 17th inst., with interest to date.

23—Received cash for notary fees \$5.25. . . . Paid cash for advertising in Daily Call \$17.50. . . . Rendered a statement to Charles Thomas, and sent him cash for proceeds of rents collected after charging up our commission as per contract.

25—Paid cash for grading in Union Park Addition \$175.50.

30—Paid the secretary cash \$300, for 2 month's salary. . . . Paid cash for office rent for April \$37.50.

Our unsold real estate is inventoried at \$9,500. Our office furniture and stationery is worth \$110. The student may estimate the interest receivable and payable from the note book, and render a statement, after which he may close the property and representative accounts into Loss and Gain. The stockholders declare a dividend of \$3,000, and vote to carry the remainder of the gain to Reserve Profits. . . . Each of the stockholders as shown at close of Set 9, except A. Learner who has 15 shares, has drawn his dividend in cash, which being entered, the cash book should be balanced.

The student may close the remainder of the ledger, and as this ledger is not to be used longer, he may carry all resources and liabilities (including inventories) to Balance account. Cash balance and the amount of unpaid notes receivable and payable should also be carried to Balance account, which should then be in balance.

PRACTICAL BANKING.

The steps necessary to the organization of a national or private bank are so dependent on legislation from time to time, that they who are about to organize such an enterprise should consult the best authority at the time and in the locality in which they propose to do business. It would not be wise, therefore, for us to bewilder the student in bank bookkeeping with a discussion of the origin and organization of banking institutions.

The transactions of a bank require so many records, that it has been the study of all bookkeepers to make the system as brief as possible, without sacrificing the completeness of the record. The banker needs to keep such records as will show him the condition of his affairs at a glance; and as his records have largely to do with all business men around him, it is essential that he use every known method of proving his accounts absolutely correct.

The business of a bank usually consists of four departments; that of receiving deposits and paying depositors' checks, called Deposits; that of buying and selling drafts on other banks, called Exchange; that of lending money to business men on notes properly secured and running for short periods of time, called Discounts; and that of collecting notes and drafts for business men, called Collections. The methods of recording the last three divisions do not materially differ in the various systems; hence, we have chosen forms for these books that seem to us well adapted to any ordinary banking business.

There are two leading systems of bank bookkeeping, differing mainly in the style of ledger used. In the older of these systems, the records of all transactions are carried to journals or cash book, and from these to the ledger, as in other lines of business; except that the ledger is made to show the balance of each account daily. In the later system, which is being received by bankers with great favor, the transactions pertaining to depositors' accounts are recorded directly in the ledger from the original tickets, without the use of either journal or cash book.

The object sought by all bankers is to make their books show the present condition of each depositor's account, the relation of the bank to all persons and institutions with which it has dealings, and also by keeping accounts with the various departments of bank industry, to determine the profits and losses, and the sources of each.

THE DAILY ROUTINE IN BANKING.

Routine work in banking naturally divides itself into three departments.

First—That of the Teller, whose office it is to receive and pay out all cash, and to file tickets, properly describing each transaction.

Second—That of the Bookkeeper, who records in the cash book and ledgers the various tickets filed by the teller, making a daily trial balance of the ledger, and showing the condition of the bank at the close of each day.

Third—That of the Cashier, who attends to the general business of the bank, including the loans and discounts, the correspondence and collections, and the signing of drafts, and who has a general supervision of the other officers and clerks in the bank.

In a large bank the work in each department may be subdivided among a number of clerks, while in a small bank one man may attend to all of these departments.

A large proportion of the transactions carried out by the teller and cashier are such, that some paper is left in the possession of the bank from each, from which the bookkeeper can get the history of the several transactions. If no paper is left in connection with a transaction, the

officer is required to fill out a ticket giving the result of the transaction. If a deposit is received, the depositor presents a deposit ticket which the teller places on file; if a depositor's check is cashed, the check is placed on file for the bookkeeper. If the teller or cashier receives a check or draft drawn on some other bank, he places it in the remittance drawer until the close of banking hours. If he sells a bank draft, he enters a description of the draft at once in the Draft Register.

If he discounts a paper, he pencils the amount of the discount and proceeds paid, on the paper and places it in the discount drawer, or he writes this memorandum on a discount ticket and pins it to the discounted paper, until it is recorded in the Discount Register. If he collects cash for a discounted paper, the same is marked paid, at once, in the Discount Register, and a ticket is written out and placed on file, descriptive of the transaction.

If a paper is left at the bank for collection, the same is placed in the collection drawer, ready for entry, later in the day, in the Collection Register. If a paper previously left for collection, is paid, it is marked paid, at once, in the Collection Register, and tickets are written and filed showing the results.

If a certificate of deposit is issued for money received or for the proceeds of a collection, it is entered at once, in the Certificate of Deposit Register, and no ticket is filed. If a certificate of deposit is paid, the canceled certificate is placed on file.

If the teller is required to certify a check, he should find out whether the person drawing the check has a balance to his credit, and if he has, the teller writes "Certified," giving the date and signing his name as teller of the bank, across the face of the check. Each certified check is entered in the Certified Check Register, from which the debits and credits are carried at the close of the day. If a certified check is paid, the canceled check is placed on file, and at the close of the day is debited to Certified Checks.

If any other kind of transaction is carried out, a ticket is filed containing such a description as will enable the bookkeeper to make a proper record of the same at the close of banking hours.

For convenience in describing the bank books, we will classify them into two groups, which we will name the Auxiliary Books and the Essential Books.

THE AUXILIARY BOOKS.

The Draft Register contains a description of all drafts sold by the bank. These drafts are usually drawn on a bank located in some commercial center. Banks frequently arrange with two or more such correspondents: one perhaps at New York or Philadelphia, a second at Chicago, a third at St. Louis, or some other western point. For convenience there should be a separate register for each bank on which we draw drafts. The total of drafts sold each day is credited to the bank on which we have drawn the drafts, their account being kept in the General Ledger. The total received for exchange each day is also carried to the same ledger to the credit of Exchange.

Should there be several regular correspondents of the bank, they could have as many separate registers; or a separate part of the one register could be assigned to each correspondent.

The Remittance Register contains a description of all drafts, checks, and other commercial paper that have been forwarded to the bank's correspondent, usually the one on whom drafts are drawn.

The Draft Register gives an itemized record of the credits of the bank's correspondent, and the Remittance Register gives an itemized record of the debits of the same party, and the ledger account with the bank shows the result.

The Discount Register contains a description of all notes and time drafts bought by the bank or received for money loaned. If an interest bearing note is discounted, it is customary to compute the interest to maturity and add it to the face of the note. The total of principal and interest is the amount on which the bank discount is computed. If the note does not bear interest, the face of the note is carried to the amount column, and the total of these amounts for the day is carried to the debit of Bills Discounted in the General Ledger. The discount, the amount deducted from each, is entered in a special column in the register, and the total carried to the credit of Discount in the General Ledger. When the discounts are paid, they are entered paid in the remark column of the register, and there being no paper left to file in the bank

record of the transaction, a ticket is placed on file with a memorandum, "Credit Bills Dis. \$—," and under this the explanation, "Discount No.—paid." The amount of these tickets is carried to the credit of Bills Discounted in the General Ledger.

The Collection Register contains a description of all paper, notes, or bills, left at the bank by other parties for collection; as these papers do not affect the business of the bank until their payment, no record of them is carried from the register to either ledger. When the collections, that is, the papers above referred to, are paid, they are entered paid in the remark column of the register, and a ticket is filed for each, stating whom to credit with the proceeds of the collection, that is, the amount that is left after the collection charges are deducted. When collection No. 3, left by H. C. Cusey, is paid, the banker will write a ticket as follows: "Credit H. C. Cusey \$598.50, proceeds of Collection No. 3." He will also write a second ticket, "Credit Collection \$1.50, charges on Col. No. 3."

If the party, for whom the paper was collected, is a regular depositor, the proceeds of the collection will be entered as a deposit from the ticket filed. If he is not a depositor, his proceeds are entered as a certificate of deposit, and he can draw the money at any time by endorsing the certificate. Some bankers credit transient customers with such proceeds, and require them to check out the amount, thus balancing the accounts. Such accounts are usually kept in a separate ledger, called Petty Deposits.

If the paper has been collected for some out-of-town party, a draft is sent at once for the proceeds of the collection and the charge for collection is entered as exchange on the draft. No ticket should be filed in such a transaction, as the results will appear in the totals taken from the Draft Register.

As soon as a collection or discount has been entered paid in the remark column of either register, and a ticket for the same has been filed, a check mark should be made in the register to indicate that the record is completed.

The Certificate of Deposit Register contains a description of all certificates issued by the bank, and when these are paid, the date of payment is entered in the proper columns. The total of these certificates issued each day, is carried to the credit of Certificates of Deposit, this account being kept in the Deposit Ledger. The paid certificates are entered in the Deposit Ledger to the debit of Certificates of Deposit.

The Certified Check Register contains a list of the checks that are certified for depositors. These checks are debited to the depositors' accounts, the same as paid checks, and the total amount of certified checks is credited to Certified Checks in the General Ledger. When certified checks are paid by the bank, they are debited to Certified Checks.

The Signature Book contains the signature, business address, and kind of business of each depositor. These are arranged in alphabetical order, for convenience in referring to signatures.

The Discount Tickler and the Collection Tickler are books that may or may not be used. Their office is to group together, under each date, all discounts and collections that fall due on that date, in order that the cashier may know whether all papers are paid at maturity, and, if not paid, that he may take the necessary steps of notice and protest for non-payment. Ticklers do not give a complete history of each paper, merely giving the register number, the payer of the paper and his residence, the endorser or owner, and the amount of the paper.

In modern banking the use of the tickler is largely supplied by the use of a large wallet or drawer, with separate apartments for each day of the month. The discounts and collections are placed in these apartments according to their maturity dates, so that they may be readily found when wanted. If the papers are thus classified by maturity dates, the ticklers will scarcely be needed, and the papers left unpaid will be readily found, when wanted.

By inquiring of progressive bankers, we find that a large proportion of them do not use the ticklers, and in harmony with this custom, we have omitted these auxiliary books from our banking course, as their use or omission does not in the least affect any of the results.

THE ESSENTIAL BOOKS.

The essential books in banking are the Cash Book, Depositors' Ledger, and General Ledger. Some bankers discard the cash book, and post all debits and credits direct to the ledgers from the tickets. We would advise the use of the cash book for recording all debits and credits that belong to accounts in the general ledger. In writing up the bank books each

day, the depositors' ledger should be written first, the cash book second, and the general ledger last, and we will describe the books in this order.

The Depositors' Balance Ledger is ruled so that each depositor's account occupies but a single line extending horizontally across the page. Each day's space is divided into four columns, one for checks and debit items in detail, a second for the total of these debits, a third for the depositor's credit, and a fourth for his balance at the close of the day. In large banks, where the depositors are likely to draw a large number of checks daily, they provide two columns daily for checks in detail, and sometimes two columns for deposits and credits, thus making five or six columns in each day's space. The space between the horizontal lines is made wide, so that there may be room to list a considerable number of checks for each depositor, if small figures are used.

Large books are used, so that an open folio of two pages will contain the records for one week, the accounts being forwarded to a new folio on each succeeding Monday.

Bankers who use this style of ledger, usually have the names of their permanent depositors printed in alphabetical order in the book when it is ruled, leaving enough of blank space for others that may be added during the year. In this way, the labor of copying the names once a week either for ledger or trial balance is avoided, the only labor of forwarding the accounts being the transfer of balances from one folio to another.

The deposit tickets and the paid checks, except paid certified checks, are taken from the teller's file and entered direct in the depositors' ledger, and the checks certified by the teller during the day, and recorded in the certified check register, are also entered in the depositors' ledger to the debit of the firms who drew the checks. If a depositor has a balance to his credit at the close of the day, his balance is written in black ink; but if he has been allowed to overdraw his account and he has a balance due the bank, the debit balance is written in red ink.

The Cash Book contains all titles and amounts that belong to the general ledger. The total of the checks entered in the depositors' ledger is entered in the cash book as cash paid, debiting Deposits, and the total of the deposits entered in the depositors' ledger is entered in the cash book as cash received, crediting Deposits. The total of drafts recorded in the draft register is entered in the cash book as cash received, crediting the bank on whom the drafts were drawn, and the total of exchange in the draft register is entered in the cash book as cash received, crediting Exchange. The total of remittances recorded in the remittance register is entered in the cash book as cash paid, debiting the bank to whom the remittances were sent. The total amount of notes and bills entered in the discount register is entered in the cash book as cash paid, debiting Bills Discounted, and the total discount in the discount register is entered in the cash book as cash received, crediting Discount. The total of certified checks recorded in the Certified Check Register is entered in the cash book as cash received, crediting Certified Checks. All other debits and credits are entered from paid certified checks and from debit and credit tickets left on file by the teller.

If all tickets debiting or crediting the same title are combined in the cash book, before they are extended to the amount columns, the work of posting to the general ledger will be greatly reduced, and special columns will not be required in the cash book. If all transactions have been properly ticketed and the tickets properly entered, the cash book will show a balance equal to the cash on hand. Counting the cash and proving it equal to the cash balance, is a daily test of the accuracy of the teller's transactions.

The General Ledger contains all accounts of the bank except those with depositors and certificates of deposit. Some bankers give certificates of deposit an account in the general ledger, and do not enter certificates of deposit in the depositors' ledger.

We have chosen a style for the general ledger which is quite commonly used. Two accounts can be placed on a page, and thus the ledger may be made very compact. It consists of columns for date, folio of the cash book, debit entries, credit entries, and the balances, written in red for debit balances, and in black for credit balances. If a debit and credit occur on the same day, they can be entered on the same line, the date column being common.

This style of ledger is well adapted to the general accounts in the bank, because there are but few of these, compared with the number of depositors, and the labor of carrying balances over to the trial balance is not so protracted.

An account is kept with Deposits in the general ledger, the total of the checks paid or

certified during the day being carried from the cash book to the debit of this account, and the total of the deposits received being carried to its credit. The credit balance in Deposits account should equal the total credits of the various depositors in the deposit ledger, or, if some depositors have been allowed to overdraw, the difference between the total credit balances of depositors and the total overdrafts, will equal the balance of Deposits account in the general ledger.

The Petty Ledger should be kept in a book specially ruled for its records, containing transient accounts that do not require but a line apiece. Entries in this ledger are itemized very much like the registers. A single line is given to each account. If a debit entry is made first, the line opposite on the credit side is left vacant until the corresponding credit is made, which cancels the account; and if a credit is made first, the opposite line on the debit side is left vacant until the corresponding debit is made. The total of the debit entries in this ledger, less the total of the credit entries, or the reverse, if the credit entries are the larger, can be carried to the trial balance with the title Petty Ledger.

The Trial Balance Book contains each title in the general ledger, the title Petty Ledger, and the cash balance, and the debits and credits of these several titles should balance when they are added.

The Bank Statement is given in the form usually published by banks, although it does not enable one to know the real worth of the bank; because, Expense is classed as a resource, yet all of expense except the inventory is properly a loss. Bills discounted are classed as resources, and yet it sometimes happens that these are not properly secured, and that they are worth much less than the figures shown.

To ascertain the present worth of any business, the present value of all real and personal accounts must be determined. However, such statements as the one illustrated are of great benefit, because they enable one to judge quite intelligently of the condition of the bank, and of its sources of loss and gain.

TRANSACTIONS.

MARCH 4, 189----

The following persons have this day formed a co-partnership for the purpose of conducting a private banking business in College City, any state, each partner investing as per schedule of names below; the gains or losses to be divided according to the investment of each. The firm title is Barrett, Lindsay & Co.

W. H. Barrett invested cash	\$4,000
S. I. Lindsay " "	3,000
E. A. Parker " "	2,500
J. L. Tompkins " "	3,500
H. M. Seeley " "	4,000
J. H. Bennet " "	3,000
	—————\$20,000

[The partners' investment accounts should be kept in a separate book, as it is less labor to carry forward the total investment in one account in the general ledger, as Capital Stock. If the partners should become depositors, they can then have deposit accounts kept separate from their investment accounts.]

In recording the following banking transactions, the student will make the necessary entries in the auxiliary books, and will make debit and credit tickets for such transactions as do not require entry in the auxiliary books. At the close of each day the text will give a list of deposit tickets and paid certificates and checks on file for the day. The depositors' ledger can be written up from this report, after which the cash book can be written up from the totals in the depositors' ledger and auxiliary books, the paid certified checks reported, and the debit and credit tickets filed for the day.

Paid cash for one month's office rent in advance \$75. (Debit ticket—Expense.)

Paid cash for safe and office fixtures \$575. (Debit ticket—Office Fixtures.)

Paid cash for books and blanks for office use \$150. (Debit ticket—Expense.)

Sent cash to the Central Bank of Central City, for our own credit, \$3000. (Remittance Register.) Paid express charges on same \$1.25. (Debit ticket—Expense.)

The following drafts have been received on deposit or for cash during the day, and we have forwarded them to the Central Bank of Central City for our credit. No. 359, First N. B., Chicago, dated Mar. 1, 189.., on Fourth N. B., New York, for \$1,000, indorsed by M. Mason; No. 652, Com. B., Buffalo, dated Mar. 1, 189.., on Marine N. B., Boston, for \$900, indorsed by G. Ryan; No. 929, First N. B., Peru, Ill., dated Mar. 2, 189.., on Trader's Nat. Bank, New York, for \$1,200, indorsed by J. D. Atwood.

If the above drafts were received on deposit, they will appear on the deposit tickets given below. If we gave cash for them, it has merely reduced our cash balance, and the only record required is in the Remittance Register.

Drew the following drafts on our Central City correspondent, the Central Bank: No. 1, fav. J. Stacey \$300; No. 2, fav. J. Springer \$200; No. 3, fav. H. Wentworth \$137.75; No. 4, to H. Wentworth fav. Jones & Lane \$362.25, charging exchange on No. 1, 38 cts.; No. 2, 25 cts.; No. 3, 17 cts.; No. 4, 46 cts.

Discounted the following notes and bills: For W. M. Smith, note his favor, signed by R. C. Crawford, dated Jan. 5, due in two months, \$1,000. Proceeds cash \$996.50, discount \$3.50. . . . For M. Mason, note his favor, signed by D. Ford, dated Feb. 4, due in 1 month, \$500. Proceeds included on his deposit ticket below and counted as cash, \$499.75, discount 25c.

The following checks on local banks have been received as cash, and have been forwarded to the banks named for collection: J. Miner's check No. 1, on First N. B., Toledo, indorsed by J. Burgess, \$375; H. Harting's check No. 7, on College Bank of Iowa City, indorsed by Lee & Avery, \$125. [As these banks are not our regular correspondents, their accounts should be kept in the Petty Ledger.]

The following paper has been left at the bank for collection: For R. E. Rowley, draft at three days' sight on M. E. King, Waterloo, for \$238.75. Forwarded to the Union N. B., Waterloo, to collect for us. For G. Stone, note his favor, signed by M. Stanley, dated Feb. 9, time 30 days, for \$500. For H. C. Cusey, his sight draft on Starr & Seeley, Clinton, for \$600, forwarded to Clinton Co. Bank to collect for us. [If no date is named on these drafts, they should have the same date as the transaction.]

Paid for postage and stationery \$3.75. (Debit ticket—Expense.)

The deposit tickets on file show the following deposits received to-day: M. Mason \$1,600, J. Burgess \$848.50, J. Ryan \$1,400, J. D. Atwood \$1,500, Chase & Smith \$175, Lee & Avery \$325, C. Matter \$215.50, Howard & Payne \$192.75, James York \$316.85.

The following paid checks are on file at the close of the day: James York \$56, \$29.65, \$32.25; J. D. Atwood \$39.95, \$16.50, \$34.90; M. Mason \$95.50, \$140.50, \$29.60; Chase & Smith \$29.75; J. Burgess \$28.85, \$29.56, \$37.50.

The cash on hand at the close of the day amounts to \$18,073.10.

The student should write up and balance the depositors' ledger and cash book, and post the general ledger and take a trial balance of the same. The total of the balance column in the depositors' ledger should agree with the balance of deposits' account in the general ledger.

5

The following drafts have been cashed or received on deposit during the day, and have been forwarded to the Central Bank for credit: No. 297, Call & Brown, dated Mar. 3, on Marine N. B., New York, for \$450, indorsed by Chase & Smith; No. 625, First N. B., Tama City, dated Mar. 4, on Chemical N. B., New York, for \$350, indorsed by Lee & Avery; No. 532, Second N. B., Waterloo, dated Mar. 1, on Sixth N. B., Chicago, for \$700, indorsed by J. Draper; No. 191, Traders' Bank, Omaha, dated Mar. 2, on Merchants' N. B., Chicago, for \$1,500, indorsed by Henry Spencer.

Drew the following drafts on the Central Bank: No. 5, favor H. R. Watkins \$300, no exchange; No. 6, favor H. R. Watkins \$200, no exchange; No. 7, \$225, No. 8, \$375, favor Charles Jones, exchange $\frac{1}{8}$ per cent; No. 9, to H. Green, fav. M. Mason, \$127.50, exchange $\frac{1}{8}$ per cent.

Discounted the following notes and bills: For C. Matter, note his favor, signed by J. Mor-

DISCOUNT

Date of Discount	Note or Draft	Payer	Indorser or Drawer	Where Payable	For Whom Discounted
189- Mar.	4	Note	R. C. Crawford	City	W. M. Smith
	"	"	D. Ford	"	M. Mason
Mar.	5	Note	J. Morgan	City	C. Matter
	"	"	S. Smith	"	H. Jennings
	"	"	Austin & Smith	Vinton	Lee & Avery

COLLECTION

When Left	No.	Payer	Drawer, or Endorser	Where Payable	To Whom Sent
189- Mar.	4	1 M. E. King	R. E. Rowley	Waterloo	Un. N. B. Waterloo
		2 M. Stanley	L. Stone	City	
		3 Starr & Seely	H. C. Cusey	Clinton	Clinton Co. Bank
	5	4 D. A. Minot	James Dougall	City	
		5 R. H. Stacey	M. Powers	City	
		6 Stacey & Stone	J. Graves	Chicago	3d N. B. Chicago
		7 Lane & Co.	J. Ryan	Cedar Falls	Com. Bk. Cedar Falls

CASH

Date	Fol.	Creditor Titles	Explanations			
189- Mar.	4	Capital Stock	Investment			20000
		Central Bank	Draft Register	1000		
		Exchange	" "	1	26	
		Discount	Discount Register	3	75	
		Deposits	Deposit Ledger	6573	60	7578 61
						27578 61
Mar.	5	Balance down				18073 10

REGISTER.

No.	Date of Paper	Time	When due	Discount Period	Face	Int.	Amount	Dist.	Col. & Ex.	Remarks
1	189- Jan. 5	2 Mo.	189- Mar. 8	4 ds.	1000	- -	1000	3 50		
2	Feb. 4	1 Mo.	Mar. 7	3 ds.	500	- -	500	25		Paid $\frac{3}{4}$
							1500.	3 75		
3	Jan. 3	2 Mo.	Mar. 6	1 day	325	- -	325	25		Paid $\frac{3}{4}$
4	Feb. 12	30 ds.	Mar. 17	12 ds.	800	- -	800	6 53		
5	Feb. 5	30 ds.	Mar. 10	5 ds.	750	- -	750	73	1 -	
							1875	7 51	1 -	

REGISTER.

Date of Paper	Time	When due	For Whom Collected	Face	Col. & Exch.	Proceeds	Ch.	Remarks
189- Mar. 4	3 ds.	189- Mar. 10	R. E. Rowley	238 75	.			
Feb. 9	30 ds.	Mar. 14	E. Stone	500				
Mar. 4	Eight		H. C. Cussey	600	1 50	598 50	✓	Paid $\frac{3}{4}$
Feb. 3	1 Mo.	Mar. 6	James Sumner	265	75	264 25	✓	Paid $\frac{3}{4}$
Feb. 3	1 Mo.	Mar. 6	H. Heald	500	1 25	498 75	✓	Paid $\frac{3}{4}$
Mar. 4	4 ds.	Mar. 11	J. Graves	400				
Mar. 5	Eight		J. Ryan	275				

BOOK.

Date	Fol.	Debtor Ticks	Explanations			
189- Mar. 4		Expense	Rent 1 Mo. \$75-, Books & Blanks \$150-	230		
			Exp. Charges \$125, Post. & Stationery \$325			
		Office Fixtures	Safe and Furniture	575		
		Central Bank	Remittance Reg.	6100		
		Bills Discounted	Discount Reg.	1500		
		Petty Ledger	\$375, \$125-	500		
		Deposits	Deposit Ledger	600 51	9505 51	
			Balance on hand		18023 10	
					27578 61	

DEPOSITORS'

Name	No.	Balance Forward	Monday, Mar. 4, 189—				Tuesday, Mar. 5, 189—			
			Checks in Detail	Total Checks	Deposits	Balance	Checks in Detail	Total Checks	Deposits	Balance
Atwood, J. D.	1		39 95 16 50 34 90	91 35	1500	1408 65	29 50 28 75 16 75 29 25	204 25	59 50	1799 40
Burgess, J.	2		28 85 29 56 37 50	95 91	848 50	752 59				752 59
Chase & Smith	3		29 75	29 75	175	145 25			56 50	201 75
Howard & Payne	4				192 75	192 75	52 25 66 80	119 05	119 25	192 95
James, E. C.	5						100	100	229 50	129 50
Lee & Avery	6				325	325	228 75	228 75	298 75	395
Mason, M.	7		95 50 140 50 29 60	265 60	1600	1334 40	32 25 29 75 73 75 59 25	135	137 75	1337 15
Matter, C.	8				215 50	215 50	28 75 10 29 64	68 39	356 50	503 61
Ryan, J.	9				1400	1400	125	125	200	1475
Taft, Myron	10						116 50	116 50	228 35	111 85
York, James	11		56 29 65 32 25	117 90	316 85	198 95			116 95	315 90
Certif. Deps.	12								212 50	212 50
				600 51	6573 60	5973 09		1096 94	2537 05	7427 20

Debits.

PETTY

189—										
Mar.	4	First N. B. Toledo	J. Miner's ch. No. 1, Ind. J. Burgess	375						
	4	Col. Bank, Iowa City	H. Harting's ch. No. 7, Ind. Lee & Avery	125						
	5	Com. Bank, Vinton	H. Patton's ch. No. 29, Ind. C. Jennings	176 50						
	5	Un. Nat. B. Madison	J. C. Lee's ch. No. 193, Ind. J. D. Atwood	200						

Two accounts from the General Ledger.

The Central Bank							Deposits										
Date		Fol.	Debit		Credit		Balance		Date		Fol.	Debit		Credit		Balance	
189-									189-								
Mar.	4	2	6100		1000		<u>5100</u>		Mar.	4	2	600 51		6573 60		5973 09	
	5	2	3000		1227 50		<u>6872 50</u>			5	2	1096 94		2537 05		7427 20	
	6	4	1149 98				<u>8022 48</u>			6	4	2519 88		2923 70		7831 02	
	8	6	419 80				<u>8442 28</u>			7	4	3690 20		2267 75		6408 57	
										8	6	2122 24		1521 50		5807 83	

LEDGER.

Wednesday, Mar. 6, 189—				Thursday, Mar. 7, 189—				Friday, Mar. 8, 189—			
Checks in detail	Total Checks	Deposits	Balance	Checks in detail	Total Checks	Deposits	Balance	Checks in detail	Total Checks	Deposits	Balance
								25 20 16 35 110 55	152 10	100	119 47
										220	326
								210	210	126 50	234 75
								105 220	330	125	5
								20 123 29	143 29		144 71
								29 75 48 50	78 25		221 75
								49 47 25	96 25		1003 75
										225	210 50
										256 50	981 50
								12 50 37 50 210	260		54 50
								227 50 49 85	277 35		304 90
								200 375	575	468 50	1718 50
									2122 24	1521 50	6102 08 294 25

LEDGER.

Credits.

189— Mar.	6	First N. B. Toledo	dft Am. N. B. N. Y. \$374 ⁵⁰ Exch. ²⁵	375
	6	Com. Bank, Vinton	dft. 1st N. B. Chicago \$176. ²³ Exch. ²⁷	176 50

The Continued Trial Balance.

	Mar. 4.		Mar. 5.		Mar. 9.	
Capital Stock		20000		20000		20000
Central Bank	5100		6872 50		8022 48	
Exchange		1 26		2 17		2 17
Discount		3 75		11 26		11 26
Deposits		5973 09		7427 20		7831 02
Expenses	220		269		269	
Office Furniture	575		575		575	
Bills Discounted	1500		3375		3050	
Petty Ledger	500		876 50		325	
Collections				2 50		4 48
B. C. R. Stock			2100		850	
Cash Balance	18073 10		13375 13		14757 45	
	25778 10	25778 10	27443 13	27443 13	27848 93	27848 93

REMITTANCE REGISTER.
Remitted to the Central Bank for Credit.

Date Sent	No.	Date drawn	Drawer	City	Drawee	Last Indorser	Face
189- Mar	4		Cash		Am. Ex. Co.		3000
		189- Mar	1 First N. B.	Chicago	4th N. B. N. Y.	M. Mason	1000
		652	1 Coml. Bank	Buffalo	Mar. N. B. Boston	E. Ryan	900
		929	2 First N. B.	Penn, Ill.	Ira N. B. N. Y.	J. D. Atwood	1200
							6100

DRAFT REGISTER.
Drafts Drawn on the Central Bank.

Date drawn	No.	To Whom Sold	To Whom Payable	Face	Total Face	Exchange	Total Exchange
189- Mar	4	1 J. Stacey	Self	300		38	
		2 J. Springer	"	200		25	
		3 H. Wentworth	"	137 75			
		4 H. Wentworth	Jones & Lane	362 25	1000	63	1 26

CERTIFICATES OF DEPOSIT.

Date Issued	No.	To Whom Issued	To Whom Payable	Amount	When Paid	Remarks
189- Mar	5	1 Ches Jones	Self	212 50	189- Mar. 6	
	6	2 Howard Smith	Joshua French	350		
	3	3 John Taft	Self	375	Mar. 8	
		4 H. C. Cusey	"	598 50	Mar. 6	
		5 J. Sumner	"	264 25	Mar. 6	
		6 H. Heald	"	498 75	Mar. 6	
				2086 50		

CERTIFIED CHECKS.

Date	Whose Check	To Whom Payable	Check No.	Amount
189- Mar	11 J. D. Atwood	H. E. Sumner	19	59 50
	" "	J. A. Bunnell	20	40 50
				100

BANK STATEMENT.

<i>Resources</i>		<i>Liabilities</i>	
<i>Bills Discounted</i>	3050	<i>Capital Stock</i>	20000
<i>Expense</i>	269	<i>Collections</i>	448
<i>Central Bank</i>	8022 48	<i>Deposits</i>	7831 02
<i>Office Fixtures</i>	575	<i>Discount</i>	1126
<i>Other Banks (Petty Ledger)</i>	325	<i>Exchange</i>	217
<i>Q. C. R. Stock</i>	850		
<i>Cash</i>	14757 45		
	27848 93		27848 93

gan, dated Jan. 3, due in two months, \$325. Proceeds included on his deposit ticket, \$324.75, discount 25c. For H. Jennings, note his favor, signed by S. Smith, dated Feb. 12, due in 30 days, \$800. Proceeds cash \$793.47, discount \$6.53. For Lee & Avery, note their favor, signed by Austin & Smith, Vinton, dated Feb. 5, due in 30 days, \$750. Proceeds cash \$748.27, discount 73c, expense of collecting \$1. (Credit Collection.) Forwarded to First N. B., Vinton, to collect for us.

Received for collection: For James Sumner, note signed by D. A. Minot, indorsed by James Dougall, dated Feb. 3, due in one month, \$265. For H. Heald, note signed by R. H. Stacey, indorsed by M. Powers, dated Feb. 3, due in one month, \$500. For J. Graves, his draft at 4 days, dated Mar. 4, on Stacey & Stevens, Chicago, \$400. For J. Ryan, his sight draft on Lane & Co., Cedar Falls, \$275. [Forwarded this draft to the Com. B., of Cedar Falls, to collect for us.] For Chase & Smith, their sight draft on Ladd & Co., Chicago, for \$175. [Forwarded the two Chicago drafts to the Third N. B., Chicago, for collection and returns.]

The following checks on local banks have been received as cash, less collection charges, and we have forwarded them to the banks named, for collection: H. Parton's check No. 29, drawn on the Com. B., Vinton, dated Mar. 4, for \$176.50, indorsed by C. Jennings, and identified by C. Matter; J. C. Lee's check No. 193, drawn on the Union N. B., of Mt. Vernon, dated March 2, for \$200, indorsed by J. D. Atwood. Collections deducted from these checks, \$1.50.

Paid cash for coal for heating office, \$19. Paid bookkeeper's salary, \$20. Paid cash for 20 shares of B. C. R. stock @ 105, \$2,100.

Received the following deposits this day per tickets: E. C. James \$229.50, James York \$116.95, Myron Taft \$228.35, Howard & Payne \$119.25, C. Matter \$356.50, Chase & Smith \$56.50, Lee & Avery \$298.75, J. D. Atwood \$595, J. Ryan \$200, M. Mason \$137.75, Charles Jones \$212.50, for which we gave our Certificate of Deposit No. 1.

Paid depositors' checks per checks filed: M. Mason \$32.25, \$29.75, \$13.75, \$59.25; J. D. Atwood \$129.50, \$28.75, \$16.75, \$29.25; J. Ryan \$125; Lee & Avery \$228.75; C. Matter \$28.75, \$10, \$29.64; Howard & Payne \$52.25, \$66.80; E. C. James \$100; Myron Taft \$116.50.

The cash on hand at the close of the day amounts to \$13,375.13.

6

Received the following for collection: For H. Turner, note dated Feb. 17, time 15 days, signed by George Strand, for \$275; For J. C. Jones, his sight draft on T. C. Roberts, Clear Lake, dated to-day, \$195.50. Forwarded Jones's draft to Union Bank of Clear Lake to collect for us.

Received from 1st N. B., Toledo, their draft No. 929 on Union N. B., of New York, dated Mar. 5, for \$374.50, being the amount of Miner's check sent them, 4th inst., less exchange 50 cents. (Credit 1st N. B., Toledo, with \$375, and debit Collection with 50 cents.)

Received from Clinton Co. Bank their draft No. 291, on Fourth N. B., Chicago, dated Mar. 5, for \$599.25, for Col. No. 3, less exchange, and we have this day written a certificate of deposit favor H. C. Cusey for the proceeds, \$598.50, reserving the remainder for our collection fee.

Collection No. 4 paid to-day, and a certificate of deposit favor Sumner has been written for the proceeds, \$264.25 . . . Collection No. 5 paid to-day, and a certificate of deposit written favor H. Heald for the proceeds, \$498.75.

Discount No. 3 paid to-day . . . Sold 10 shares B. C. R. Stock for cash @ 125, \$1,250.

Received from Com. Bank, Vinton, their draft No. 615, on 1st N. B., Chicago, dated March 5, for \$176.23, being the amount of Parton's check sent them 5th inst., less exchange cents.

Forwarded the bank drafts received to-day, to our Central City correspondent, as usual.

Cusey, Heald and Sumner have each called and received cash for the certificates of deposit issued payable to them this day.

Received the following deposits this day per tickets: J. D. Atwood \$96.50, E. C. James \$50.50, Lee & Avery \$159.50, M. Mason \$225.75, James York \$96.75, J. Burgess \$98.70, Howard & Payne \$109.50, Howard Smith \$350, for which we gave our certificate of deposit payable to Joshua French; John Taft \$375, for which we gave our certificate of deposit.

Paid depositors' checks per checks filed: Chase & Smith \$129.50, \$33.75, \$44.25; E. C. James \$29.75, \$162.25; J. D. Atwood \$29.20, \$45.75, \$33.88, \$169.50; Lee & Avery \$29.75, \$46.50, \$75; C. Matter \$19.20, \$39.85, \$57.75; Charles Jones, certificate of deposit, \$212.50.

Cash on hand at the close of business to-day amounts to \$14,757.45.

7

Received the following deposits this day per tickets: James York \$169.60, Myron Taft \$93.65, Chase & Smith \$229.50, E. C. James \$300, J. Ryan \$375, H. Sanger \$500, for which we have issued our certificate of deposit in favor of R. Keyes; C. Jenks \$600, for which we have issued our certificate of deposit in favor of B. Parks.

Paid depositors' checks per checks filed: J. D. Atwood \$250, \$125; J. Ryan \$500, \$625; J. Burgess \$315.04, \$430.25; C. Matter \$220, \$106.31, \$75; Howard & Payne \$56.50, \$45.95; M. Mason \$150, \$225, \$87.90; Lee & Avery \$56.13, \$47.12; Chase & Smith \$375. Discount No. 2 paid to-day by D. Ford \$500 . . . Cash on hand at the close of business to-day amounts to \$13,835.

8

Paid B. Parks to apply on his certificate of deposit \$200, and issued a new certificate of deposit for the balance. Paid J. Taft in full of his certificate of deposit, \$375.

Collection No. 9 paid, and H. Turner's net proceeds entered as a certificate of deposit in his favor, \$274, our charges for collection being \$1.

Received from Union Bank of Clear Lake, their draft No. 2621, on Tenth N. B., New York, dated 7th inst., for \$194.80, proceeds of collection No. 10, sent them 6th inst. We have deducted a total collection fee of \$1.00, and have written our certificate of deposit in favor of Jones for the proceeds, \$194.50.

Paid cash for the following sight drafts on Central City firms, which we have discounted: For A. Preston, drawn on Stacey & Wentworth, \$100, proceeds \$99.50; for A. Learner, drawn on Lee & Somers, \$125, proceeds \$124.37.

Remitted to the Central Bank for credit, the bank draft received and the two sight drafts discounted this day, the latter being estimated at their face value.

Received the following deposits this day per tickets: J. D. Atwood \$100, J. Burgess \$220, J. Ryan, \$256.50, C. Matter \$225, Howard & Payne \$125, Chase & Smith \$126.50.

Paid depositors' checks per checks filed: J. D. Atwood \$25.20, \$16.35, \$110.55; Chase & Smith \$210; Howard & Payne \$105, \$225; James York \$227.50, \$49.85; Myron Taft \$12.50, \$37.50, \$210; M. Mason, \$49, \$47.25; Lee & Avery \$29.75, \$48.50; E. C. James \$20, \$123.29.

Cash on hand at the close of business to-day amounts to \$12,816.89.

The student may make a statement like the one given March 6, without closing the general ledger.

In the illustrated forms we have given the deposit ledger for Monday, Tuesday and Friday, leaving the student to fill out the intervening days; we have also given the continued trial balances, showing the results of the general ledger accounts for the first three days.

We have given transactions for only five days in each week, because this arrangement harmonizes with the rulings used in the books of the college banks, where business is usually transacted only on the regular school days.

II

Received of the Union N. B., Waterloo, their draft No. 1256 on the Mechanics' Bank of New York, dated 9th inst., for \$238.50, the proceeds of collection No. 1. [Debit Collection for the balance.] Wrote a certificate of deposit favor Rawley for the proceeds of above collection after deducting 75 cents from the face. The Union N. B., Waterloo, also sends us the following papers to collect for them, each bearing date of the 9th inst.: Demand draft of Jones & Co. on Carr & Smith of our city for \$96.50; sight draft of Lane & Lewis on Bentley & Brown of our city, for \$125; draft, at one day's sight, of Lane & Lewis on Davis & Evans of our city, for \$150.25.

Received a dividend from the B. C. Railway of \$5 per share on 10 shares of stock now on hand. . . . Paid cash for postage and stationery, \$3.75.

Received from the College Bank of Iowa City, their draft No. 2917 on Merchants' National Bank, New York, dated 9th inst., for the proceeds of Harting's check sent them 4th inst., after deducting exchange 10 cents.

Received cash on discount No. 1, \$500, and also for interest on \$500 for 3 days at 8 per cent per annum, and a new note of 30 days dated 8th inst., signed by R. C. Crawford, indorsed by W. M. Smith, for the remaining \$500, receiving cash for the discount, (interest in advance) on the new note 33 days at 8 per cent per annum.

Exchanged one of our office desks for a larger one, paying \$22.50 for the difference in price.

Sold drafts on the Central Bank as follows: To Lee & Avery, favor Hoyt & Sherman, \$125.20, receiving cash for the face and for exchange 15 cents; to J. Burgess, favor J. M. Burgess, \$107.50, receiving cash for the face and for exchange 10 cents.

Received the following deposits to-day: J. Burgess \$56.50, E. C. James \$119, Chase & Smith \$72.25, Myron Taft \$100, James York \$65, Howard & Payne \$100.

Paid depositors' checks to-day as follows: J. Ryan \$725, \$37.50, \$230; J. D. Atwood \$29.75, \$43.82; C. Matter \$115, \$28.50; Lee & Avery \$15; M. Mason \$900, \$87.50.

Certified checks for J. D. Atwood, No. 19 in favor of H. E. Sumner \$59.50, No. 20 in favor of J. A. Bunnell \$40.50.

Remitted to the Central Bank for credit, all bank drafts received to-day.

The cash on hand at the close of business to-day amounts to \$11,878.27.

12

Paid cash for \$12,500 of the Electric Railway Bonds at 80 cents on the dollar.

Received from the First N. B., Vinton, their draft No. 1215 on the Ninth N. B., Chicago, dated 11th inst., for the proceeds of discount No. 5 after deducting exchange 50 cents. [Debit Collection.]

Received from the Union N. B., Mt. Vernon, their draft No. 1856 on the First N. B., Boston, for \$199.50, dated 11th inst., for proceeds of Lee's check sent them 5th inst. [Make a ticket, debiting J. D. Atwood with the balance of this check, since you allowed Atwood the face value of the check.]

Sold to the Electric Railway Co. for cash, three drafts on the Central Bank, as follows: Favor Ryan & Co. \$2000, favor Lee & Grant \$2000, favor Kennedy & Co. \$2000, charging no exchange.

Received from the Third N. B., Chicago, their draft No. 2917 on the Central Bank of Central City, dated 11th inst., for \$574.50, being the net proceeds of collections Nos. 6 and 8. [Debit collection with the difference.] Charge for collection fee on No. 6, \$1, and on No. 8, 50 cents, and credit the firms for whom these collections were made with the proceeds as deposits.

Received payment of collections Nos. 11, 12 and 13, and forwarded our draft on the Central Bank to the First N. B., Waterloo, for the proceeds after deducting 75 cts. exchange.

Received deposits as follows, in addition to those already named: Myron Taft \$51, M. Mason \$175, C. Matter \$200, J. Ryan \$180, Electric Railway Co. \$4000.

Among the above deposits the following local checks on neighboring banks were received and counted as cash, less a total collection fee deducted, amounting to \$2.50, which should be credited to Collection: H. Sherman's check No. 95 on Commercial Bank, Belleville, for \$100, indorsed by Chase & Smith; G. Preston's check No. 39 on the Citizen's Bank, Wheatland, for

\$125, indorsed by M. Mason; R. Smith's check No. 42 on Merchants' Bank of Preston, for \$80, indorsed by J. Ryan. Forwarded these checks to the banks named, for collection.

Paid depositors' checks as follows: J. Burgess \$250, \$137; Howard & Payne \$72.50, \$22.25; Lee & Avery \$150, \$57; James York \$300, \$27.75. Paid B. Parks for his certificate of deposit \$400.

Certified checks for the Electric Railway Co., No. 1 favor J. G. Crisman \$300, No. 2 favor M. M. Preston \$200. Paid certified checks favor H. E. Sumner \$59.50, favor J. A. Bunnell \$40.50, issued on the 11th inst.

Forwarded all bank drafts received to-day to the Central Bank for credit as usual.

The cash on hand at the close of business to-day amounts to \$11,037.02.

13

Paid cash for 20 shares B. C. R. Stock at 110.... Sold \$5000 of the Electric Railway Bonds at 95 cents on the dollar, receiving cash.

Discounted notes and bills as follows: For J. Burgess, note his favor signed by Robert Payton, dated Feb. 12, due in one month, for \$275; discount \$2.50, proceeds paid in cash.... For E. C. James, his draft at 2 months from date on Martin & Moore, Chicago, dated Jan. 13, for \$300; discount \$1.75, proceeds deposited.... For J. York, note his favor, signed by Hiram Norton, dated Mar. 1, and due in 30 days from date, for \$475.50; discount \$3.50, and we have given him drafts on the Central Bank favor Lane & Lewis \$274.50, favor Avery & Baker \$196.75, charging as exchange on the two drafts, 75 cents.... Forwarded James's draft to the Fourth N. B., Chicago, to collect for us.

Cashed the following local checks for C. Matter who has indorsed each, deducting a collection fee of \$1.75, from the total amount of the checks: D. Dent's check No. 37 on the People's Bank of Trenton for \$117.50, E. Ford's check No. 119 on the Exchange Bank of Albion, for \$214.25. Sent these checks to the banks named, for collection.

Received from the Commercial Bank, Cedar Falls, their draft No. 2919 on the Fourth N. B., New York, dated 12th inst., for the proceeds of collection No. 7, after deducting exchange 50 cents. [Make a deposit ticket favor J. Ryan, for \$273.75, and a ticket crediting Collection for the balance.]

Received the following deposits in addition to those of E. C. James and J. Ryan already named: J. Burgess \$129, Myron Taft \$200, Lee & Avery \$100, Howard & Payne \$90; B. F. Curtis \$225, for which we gave certificate of deposit, and R. E. Sawyer \$170, for which we gave certificate of deposit.

Paid depositors' checks as follows: Electric Railway Co. \$29.75, \$275, \$50, \$417.75; J. Graves \$115, \$27.50; J. Ryan \$15.50, \$87.75; Chase & Smith \$300, \$22.75.

Received the following paper for collection: Draft at 3 days' sight, dated to-day, drawn by E. C. James on Brown & Jones, of Elmira, for \$275.50, to collect for E. C. James, which we have forwarded to the First N. B., Elmira, to collect for us; note at 30 days, signed by J. D. Atwood, dated Feb. 12, for \$300, payable to Rogers & Lambert and indorsed by them to the Fourth N. B., Chicago, for whom we collect.

Paid cash for janitor work in bank, \$3.50.

Remitted to the Central Bank for credit all bank drafts received to-day.

The cash on hand at the close of business to-day amounts to \$12,554.02.

14

The Commercial Bank of Belleville, has returned H. Sherman's check unpaid, and we have returned the same to Chase & Smith, charging it as a paid check.

The Merchants' Bank of Preston, has sent us their draft No. 916 on the Central Bank of Central City, dated 13th inst., for the proceeds of R. Smith's check after deducting exchange 25 cents. [Debit this to Collection.]

Discounted paper as follows: For J. D. Atwood, note his favor, signed by D. Sherman, Central City, dated Jan. 14, payable 2 months after date, for \$500, bearing interest at 6 per cent. Estimating interest to maturity \$2.50, and discount 35 cents, we have given him credit on deposit for the proceeds, \$502.15.... For C. Matter, his sight draft on Miner & Mann of Central City, dated to-day, for \$275.25, deducting as discount \$1.75, and paying him the proceeds in

two bank drafts, one for \$150 payable to C. E. Jenkins, one for \$123 payable to R. A. Sones, the balance being kept for exchange. . . . For Myron Taft, note his favor, signed by B. O. West, dated Mar. 1, payable 60 days after date, for \$600, estimating \$6 discount, we have given him credit on deposit for \$300, and a draft on the Central Bank for \$293.50, charging exchange 50 cents.

M. Stanley has paid collection No. 2 due this day, and we have deducted \$2.50 for collection fee, selling G. Stone a draft on the Central Bank for \$200, no exchange, and giving him our certificate of deposit for the balance of the proceeds.

Exchanged our safe for a larger one, paying cash for the difference in price, \$75.

Paid the following checks: J. D. Atwood \$129.50, \$28.83, \$56.50; James York \$29.75, \$14.25; Chase & Smith \$15.50, \$27.60, besides the debit for returned check; M. Mason \$150, \$29.15, \$32.12; C. Matter \$32.87, \$15.65; Electric Railway Co. \$287.50, \$485, \$217.25. . . . Paid certificate of deposit favor Joshua French \$350, and certificate of deposit favor H. Turner \$274. . . . Paid the check favor Bond & Co., which we certified on the 12th inst., \$500.

Received the following deposits besides the proceeds of the two discounts named above: Chase & Smith \$350, M. Mason \$100, James York \$87.50, A. V. Turner \$250, for which we issued a certificate of deposit.

Among the deposits to-day were the following bank drafts, which we have remitted to the Central Bank, together with all other bank drafts received to-day: Draft No. 3196 drawn by the Ninth N. B., Cleveland, on the Chemical N. B., Philadelphia, dated 11th inst., for \$300, indorsed by Chase & Smith; Draft No. 299 drawn by the People's Bank of Syracuse on the First N. B., Chicago, dated 12th inst., for \$200, indorsed by A. V. Turner.

The cash on hand at the close of business to-day amounts to \$10,591.05.

15

The Citizens' Bank of Wheatland, sends us their draft No. 1274 on the Third N. B., New York, dated 14th inst., for \$124.50, being the proceeds of Preston's check, sent them for collection.

Sold the following drafts on the Central Bank for cash: To M. Mason, favor Earl & Martin, \$200, exchange 25 cents; to J. D. Atwood, favor Smith & Moore, \$115, favor Wright & Hunt, \$175, exchange on the two 40 cents; to E. C. James, favor self, \$125, favor C. C. Jennings, \$300, exchange on the two 75 cents.

Discounts Nos. 4 and 7 have been paid to-day.

Sold 10 shares B. C. R. Stock at 130, receiving cash.

Paid for bookkeeper's wages \$50.

Discounted the following paper for our depositors, in each case giving them credit on deposit for the proceeds: For Chase & Smith, note their favor at 30 days from Mar. 1, signed by R. E. Grant, for \$300, estimating the discount \$1.25; for Howard & Payne, their draft at 30 days from Mar. 11, on Starr & Seeley, of Central City, for \$250, estimating the discount \$1.50; for James York, note his favor, signed by A. R. Raines, dated Feb. 20, at 30 days, for \$400, estimating discount \$1.75. . . . Forwarded the draft on Starr & Seeley to the Central Bank to collect for us.

Paid cash for railing placed on bank counter, \$37.50.

Sold \$2,000 of the Electric Railway Bonds at 100 cents on the dollar.

Discounted the following sight drafts on Central City firms: R. E. Martin's draft on Crone & Dailey for \$275, C. A. Carter's draft on Strong & Black for \$225, both of these drafts being in favor of J. D. Atwood who indorsed them to us, receiving cash for the proceeds after allowing a discount of \$2.50.

Forwarded all bank drafts received to-day with the two sight drafts last named, to the Central Bank for credit.

• Received other deposits besides those of Chase & Smith, Howard & Payne, and James York already named, as follows: J. Burgess \$75, M. Mason \$122, C. Matter \$119.50, Lee & Avery \$129.50; Henry Bennett \$200 for which we issued certificate of deposit, George Strand \$300 for which we issued certificate of deposit.

Paid depositors' checks as follows: J. D. Atwood \$129.17, \$22.33; E. C. James \$73.50, \$22.18, \$212.75; J. Ryan \$129.16, \$225; J. Graves \$29.15, \$102.10; Myron Taft \$113.12, \$38.15, \$26.23; Electric Railway Co. \$519.50, \$237.75, \$126.19; and we have also paid certificates of deposit favor R. Keyes \$500, favor J. C. Jones \$194.50.

The cash on hand at the close of business to-day amounts to \$13,542.67.

The student may render a statement showing the actual resources and liabilities of the bank after taking into account the following inventories:

20 shares of B. C. R. Stock worth \$112.50 per share; \$5500 of Electric Railway Bonds worth 100 per cent; Office Furniture now worth \$700; Books and Stationery worth \$125; we owe on Salaries \$27.50, on Rent \$75.

If \$1,045.24 is reserved as a surplus, what per cent can be paid as a dividend on the capital invested?

BUSINESS FORMS IN BANKING.

THE DEPOSIT TICKET.

Firms depositing money in bank should fill out a deposit ticket, giving the date, items, and amount of each deposit. The cashier or the teller of the bank proves the items of each deposit, and if they are found correct, enters the amount in the depositor's pass book and places the ticket on file for the bookkeeper.

Every check and draft deposited should be indorsed by the firm making the deposit. Even checks that are drawn payable to bearer should be indorsed when deposited.

If A. Learner deposited in the First National College Bank of Chicago, currency \$50, coin \$10, checks on Chicago banks for \$75, \$20, and \$30, and checks and drafts on banks in other cities for \$120, \$215, and \$75.50, his deposit ticket would be made out as follows:

First National College Bank.

DEPOSITED BY

A. Learner

Chicago,.....		Jan. 2,.....		1897.....	
		All Items Except Local Checks, and Total of Local Checks.			
CURRENCY				50	
COIN				10	
OTHER ITEMS					
LOCAL CHECKS.					
	75			120	
	20			215	
	30			75	50
				125	
				595	50

THE BANK PASS BOOK.

The following represents a double folio of the bank pass book, which is carried by the depositor. It is taken to bank with each deposit, that the amount of the deposit may be entered on the debit page by the teller of the bank, this record being the same as a receipt from the bank. Once a month, or as often as the depositor desires, the checks which have been paid for him by the bank, are entered on the credit page, and the account balanced, showing the remainder of the depositor's cash in bank.

After the paid checks are entered in the pass book, they are returned to the depositor, who can then prove his bank account, as well as his cash book, and file the checks in a package called "Canceled Checks." Canceled checks may be required months after they have been recorded, in order to prove some payment that we have made. For this reason, business men usually prefer to make payments by check, as the canceled check is a perfect receipt.

If the list of checks more than fills the page on which the deposits are recorded, the totals of both deposits and checks can be carried forward, so that the footings may be opposite each other when the account is balanced. If a depositor has a considerable number of canceled checks, it is customary for the banker to list these on a separate sheet of paper, which he returns with the canceled checks, merely recording the total of the checks in the pass book.

Balancing the depositors' pass books, is a final proof that the depositors' accounts in the bank ledger are correct. A check might be debited to a wrong depositor during the month, and thus make an error in two accounts, without throwing the books out of balance, but if the checks are sorted and entered in the pass books, such an error would appear when the balances shown in the pass books are compared with the balances in the depositors' ledger.

We give below an open folio of A. Learner's pass book. The first entry on the left page represents the record that would be made for the preceding deposit ticket. Other subsequent deposits are represented, the one for Jan. 16, being a credit for the proceeds of a draft collected for A. Learner. The entries on the right hand page represent A. Learner's canceled checks that are returned to him, when his pass book is balanced at the close of the month. The space next to the money columns on the right hand page is for any memorandum or explanation that may be required with any of the checks.

FIRST NATIONAL COLLEGE BANK IN ACCOUNT WITH A. LEARNER.

1897					25			513	80
								17	50
Jan.	2	Deposit	595	50	85			12	50
	9	"	225		20	05		35	50
	16	Col. 129	250		67			36	
	30	Deposit	275	25	95			35	
					40	50		70	09
					90			23	10
					18	25		59	
					73		Bal.	543	26
			1345	75	513	80		1345	75
Feb.	1	Balance	543	26					

CERTIFICATES OF DEPOSIT.

When a party places money in bank, which he does not intend to draw out for some time, he usually takes a certificate from the cashier of the bank, which is made negotiable, and in all respects similar in character to a note due on demand. The following certificate illustrates the form generally used:

\$ 500

Eureka, Ills., Sept. 9, 189—

BUSINESS COLLEGE BANK.

I Hereby Certify, That James Sherman
has deposited in this bank Five Hundred DOLLARS,
payable to his order, on surrender of this Certificate.

No. 129R. E. Quinlan

Cashier.

A time, certificate, one payable at a specified date, would insert the time after the word payable; as "payable six months from date, to his order, on surrender, etc."

BANK CHECKS.

A bank check is an order on a bank, drawn by a person who has money on deposit in the bank. Checks are drawn payable to order, or payable to bearer. If a check is made payable to the order of a given party, that party must indorse his name on the back of the check, before he can dispose of it to another party or have it cashed at bank. A check payable to bearer can be passed from one party to another without indorsement. The banker should never cash a check or receive it on deposit, unless it is indorsed by the party presenting it, and he should also see that all other necessary indorsements are on the back of the check.

Checks are sometimes dated ahead, being made payable at a future date. In case of such a check, the banker should not honor it before the date given on the check.

The following is the form of bank check most commonly used:

Chicago, Feb. 9, 189— No. 39

First National College Bank

Pay to the order of John Emerson \$ 22, ²⁵/₁₀₀

Twenty-two & ²⁵/₁₀₀ Dollars,

Roger M. Hoskins

The first of these drafts would be filled out by the cashier of the bank, as follows :

First National College Bank

Chicago, Jan. 9, 1897.

No. *1239*

Pay to the order of *Brown & Bentley* \$ *100.*

One Hundred Dollars,

TO THE CENTRAL NATIONAL BANK,
NEW YORK.

Charles Sumner

Cashier.

DISCOUNTS.

If a depositor takes notes or drafts to the bank for discount, he should fill out a discount ticket, giving a list of the papers left for discount, the face of each, the interest to maturity, and the amount of each, the total of the amounts, the discount and proceeds. The teller can then verify these amounts, and pay the proceeds or give credit for the same on deposit.

If A. Learner discounted a note bearing interest, signed by C. A. Martin, and a draft drawn on R. E. Parker, he would fill out a discount ticket, as follows :

Chicago, Jan. 16, 1897

Notes and Drafts Left for Discount.

By *A. Learner*

Note or Draft.	MAKER OR DRAWEE.	Face.		Int. to Maturity.		AMOUNT.	
Note	C. A. Martin	200		1	75	201	75
Draft	R. E. Parker	150				150	
Total,						351	75
Discount,						5	25
Proceeds,						346	50

COLLECTIONS.

If a firm leaves a number of notes and drafts at bank for collection, he should have a memorandum receipt from the teller of the bank. Business men do not always require such receipts, but the more careful firms have such receipts filled out ready for the teller's signature when the papers are left at bank for collection.

In business practice, if the student has only a few papers to leave for collection, he can list them in the last two pages of his pass book, and the teller can check these entries when the papers are left at bank and sign for them in the pass book, merely writing his name as teller and the number of papers he is receipting for.

In the office training course the number of collections will be greater than in business practice, and the receipt form should then be used.

If A. Learner left three collections at bank he would list them in the last folio of his pass book, giving the date left, the payer's name, and the amount of each collection. The teller would sign for the number left, on the next line below the last collection, so that other collections could be listed below his signature at a later date.

(Receipt for Collections in the Pass Book.)

This Bank in receiving collections, acts only as your agent, and does not assume any responsibility beyond due diligence on its part, the same as on its own paper.

COLLECTIONS.

1897					
Jan.	15	H. C. Manning		150	
		E. H. Drummond		50	50
		M. B. Patterson		75	25
		(3) E. C. Watson,			
		Teller.			

(Memorandum Receipt for Collections.)

Chicago, Jan. 15, 1897.

Received of Williams & Co. the following paper for collection:

DATE OF PAPER.	NO.	Note or Draft.	PAYER.	WHERE PAYABLE.	AMOUNT.
1897					
Jan.	9	1	Note	E. A. Horton	Salina, Kans. 150 80
		2	Draft	C. M. Pembroke	St. Paul, Minn. 256 35
		3	Note	R. A. Martin	Creston, Iowa. 119 29

First National College Bank,

E. C. Watson, Teller.

BANK CORRESPONDENCE.

Correspondence between banks usually relates to remittances or collections. Each bank selects one or more banks in commercial centers as its regular correspondents, and all bank drafts or checks drawn on banks in the same city, or in cities near the correspondent, are sent there for collection and credit.

The following represents a remittance from the First National College Bank of Chicago to its New York correspondent.

[Remittance Sheet.]

.....*First National College*.....**Bank.**

.....*Chicago, Jan. 9,*.....**1897**.....

.....*Cashier Central National Bank*.....

.....*New York*.....

.....*Dear Sir:*.....

Enclosed please find the following paper for collection and credit:

NO.	DRAWEE.	AMOUNT.	
2426	4th Nat. Bk., New York	1000	
1652	Mer. Nat. Bk., Boston	850	
992	Traders' Nat. Bk., New York	1200	
		3050	

The following represents the indorsement on the back of each draft in above remittance:

Pay to Cashier of Cent. Nat. Bank, N. Y.,
for account of
First Nat. Col. Bank, Chicago.
Charles Sumner,
Cashier.

Papers sent to other banks for collection should be endorsed as follows:

Pay to Cashier of Com. Bank, Troyon, for collection.
First Nat. Col. Bank, Chicago.
Charles Sumner,
Cashier.

If the First National College Bank sends notes, drafts, or checks to another bank for collection, directing them to remit the proceeds as soon as collected, the cashier would use the following form:

THE First National College BANK.

Chicago, Jan. 16, 1897

Cashier Com. Bank of Trenton,

Trenton, Mo.

Dear Sir: We enclose for collection and returns, items listed below:

OUR NO.	KIND OF PAPER.	IF PROTEST MARK X.	PAYER.	AMOUNT.	
91	Note		G. C. Harmon	127	50
93	Draft		E. A. Carter	125	
95	Note		O. E. Swinton	92	25

Please give the above your prompt attention, and oblige

Yours truly,

Charles Sumner,

Cashier.

If the Commercial Bank of Trenton collected the two notes, and remitted for proceeds, returning the draft unpaid, they would send the following report of collection:

THE Commercial BANK.

Trenton, Mo., Jan. 20, 1897

Cashier First Nat. Col. Bank,

Chicago

DEAR SIR: Herewith please find draft No. 293-----

On New York-----Am't \$219.25-----returns for collections:

Your No. 91-----\$127.50-----

Your No. 95-----\$ 92.25-----

Your No.-----\$-----

Your No.-----\$-----

Total-----\$219.75-----

Exchange, \$ 50-----\$ 219.25-----

We return herewith unpaid, with reasons for non-payment if any endorsed, collections your No. 93,--Refused payment,-----

Yours truly,

G. A. NEVINS,

Cashier.

If the First National College Bank had sent above papers for "collection and credit," instead of "collection and returns," the Commercial Bank would have sent the following reply, instead of the one last given.

THE Commercial BANK.

Trenton, Mo., Jan. 20, 1897

Cashier, First Nat. Col. Bank,

Chicago.

DEAR SIR: We have this day placed to your credit \$219.25 proceeds of collections:

Your No....91.....\$127.50.....

Your No....95.....\$ 92.25.....

Your No.....\$.....

Total, - - - \$219.75.....

Exchange, \$ 50.....\$219.25.....

REMARKS:

We return your collection No. 93, payment refused.

Yours truly,

G. A. NEVINS,

Cashier.

NOTICE OF NOTE DUE.

When a bank has a note for collection, the cashier should send a notice of the same to the maker of the note, a day or two before its maturity.

The following form is commonly used:

Commercial Bank,

Indianola, Ia., Jan. 19, 1897

Mr. P. B. Bentley,

City.

Dear Sir:

I hold your note for \$ 125 and interest \$ 3.75

Dated June 25, 1896. Due Jan. 22, 1897

Payable to Whigam & Co., Chicago.

C. P. Crandall,

Cashier.

PROTESTS.

If a note having one or more indorsers is in the hands of a bank as owner or collection agent, and the same is not paid when due, it is customary for the bank to have the note protested for non-payment.

A protest is a formal declaration by a notary public, referring to the note attached or giving a copy of the same, and stating that payment had been demanded and refused, giving the reason for the refusal, if any, and stating the object of the protest. The notary also sends a notice of non-payment to each indorser, whose name is on the protested paper.

Henry Thompson, of Cedar Rapids, Iowa, gave a note for one hundred dollars, dated Sept. 30, 1896, and due Feb. 1, 1897, payable at his office in Cedar Rapids. The note was made payable to J. T. Johnson, of Big Rapids, Mich., who indorsed it to Charles Graham, of Minneapolis, Minn. Graham indorsed the note to the College National Bank, of Minneapolis, who sent it to the Cedar Rapids Bank for collection. The note was not paid when due.

In such a case, the following protest would be drawn by a notary public in Cedar Rapids:

CERTIFICATE OF PROTEST.

STATE OF IOWA }
 LINN COUNTY. } ss.
 BE IT KNOWN, That on this First
 day of February, in the year of our Lord, one Thousand Eight Hundred and Ninety seven
 I, Thomas Grant, a Notary Public, duly commissioned and sworn, and
 residing in Cedar Rapids, in said County and State, at the request of
 The Business College Bank of Cedar Rapids,
 went with the original note which is attached, to the Office of
 Henry Thompson
 and demanded payment thereon, which was refused

Whereupon, I, the said Notary, at the request aforesaid, did **PROTEST**, and by these Presents do SOLEMNLY
 PROTEST, as well against the maker of the said note
 the indorsers thereof, as all others whom it may or doth concern, for exchange, re exchange, and all costs, charges,
 damages, and interest already incurred by reason of the non-payment of the said
note

And I, the said Notary, do hereby certify that on the same day and year above written, due notice of the fore-
 going Protest was put in the Postoffice at Cedar Rapids, Iowa, as follows:

Notice for J. T. Johnson, Big Rapids, Mich.

Notice for Charles Graham, Minneapolis, Minn.

Notice for College National Bank, Minneapolis, Minn.

Each of the above named places being the reputed place of residence of the person to whom this notice was directed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, the
 day and year first above written.

..... Thomas Grant,
 Notary Public.

FEES—Noting for Protest 25 cents; Protest 75 cents; Noting Protest 25 cents; Notices 30 cents
 Certificate and Seal 25 cents; Postage ; Vol. 9 ; Page 72 ; \$ 1.80

Each indorser should receive a notice of protest like the following:

NOTICE OF PROTEST.

STATE OF....*Iowa*..... }
COUNTY OF....*Linn*..... } ss.

.....*Cedar Rapids, Ia., Feb. 1,*.....*1897*

Sir:.....

A.....*note*.....for (\$*100*) *One Hundred*.....
.....*Dollars*.....

Dated.....*September 30, 1896*.....

Payable.....*February 1, 1897*.....

Signed by.....*Henry Thompson*.....

Endorsed by.....*you*.....

Being this day due and unpaid, and by me PROTESTED for non-payment, I hereby notify you that the payment thereof has been duly demanded, and that the holders look to you for payment, damages, interest and costs.

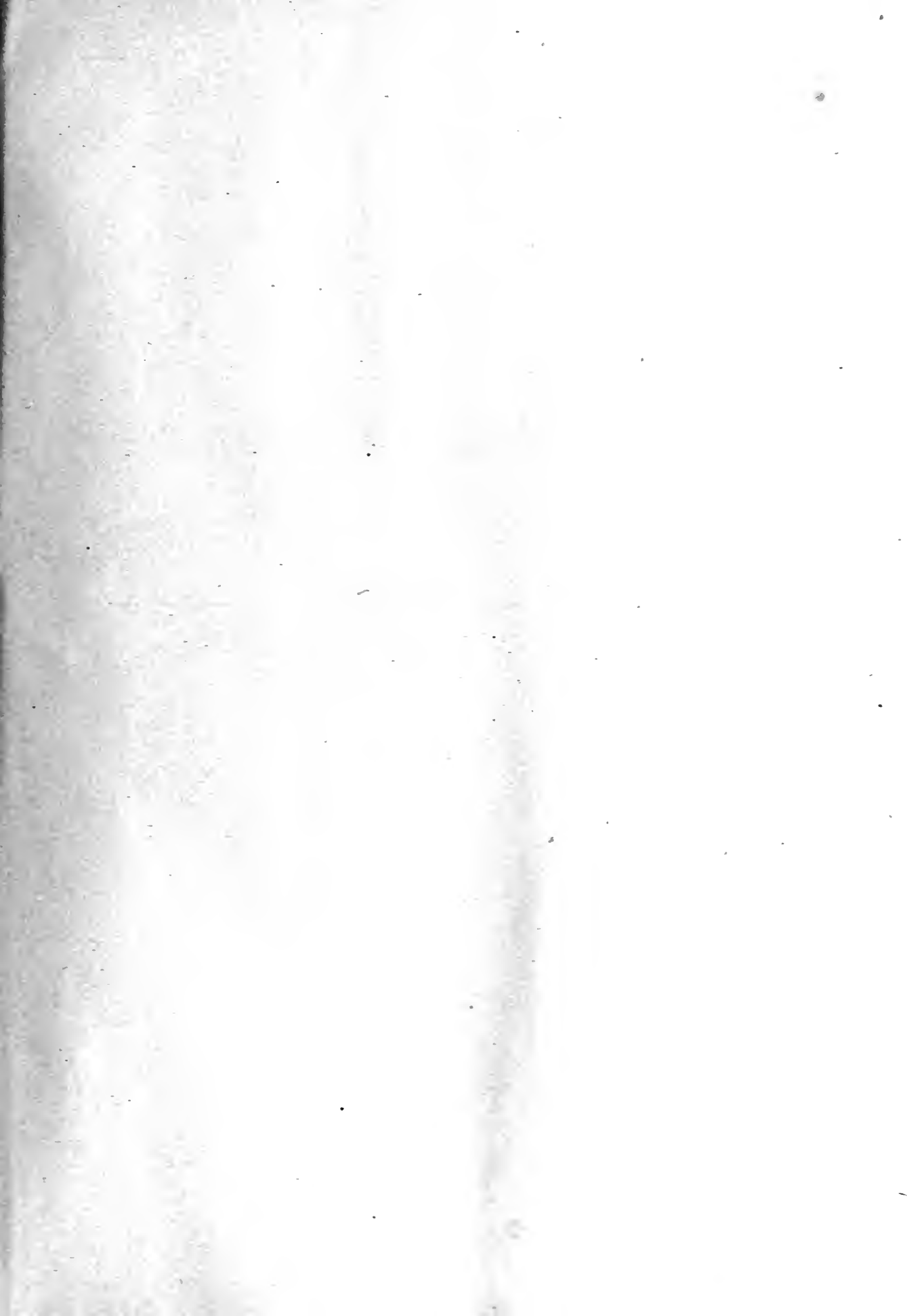
Done at the request of.....*The Business College Bank of Cedar Rapids*.....

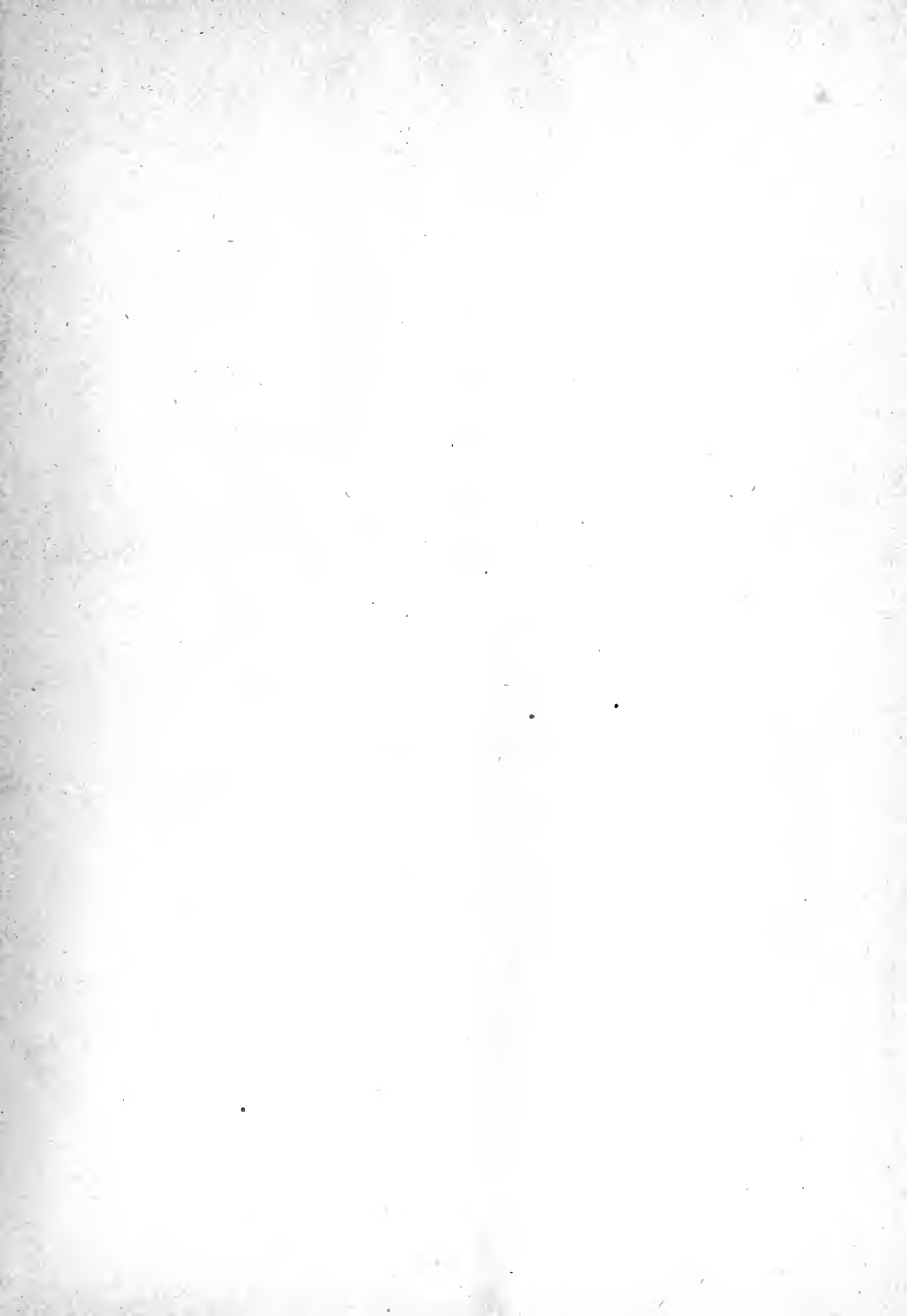
.....*Thomas Grant*.....
Notary Public.

To.....*J. T. Johnson*.....

.....*Big Rapids, Mich*.....







UNIVERSITY OF CALIFORNIA LIBRARY
BERKELEY

THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

Books not returned on time are subject to a fine of
50c per volume after the third day overdue, increasing
to \$1.00 per volume after the sixth day. Books not in
demand may be renewed if application is made before
expiration of loan period.

OCT 15 1917

SEP 27 1918

JUL 31 1920

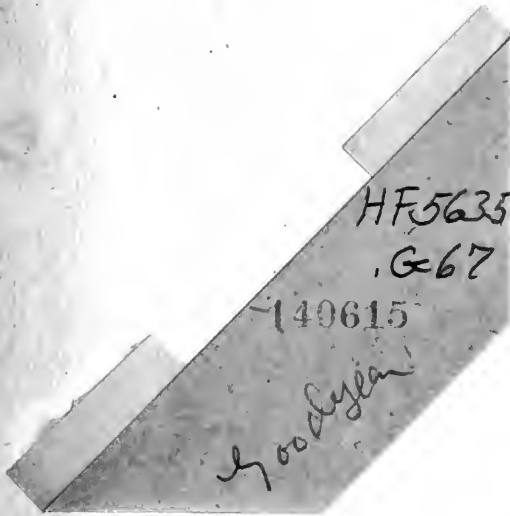
OCT 27 1924

NOV 23 1925

50m-7,'16

p. 75 net

YE 02748



HF5635

.G67

140615

Goodyear

